# Daily Report

# Latin America

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*FBIS-LAT-91-239* *12 December 1991*

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## Cuba

### Castro on AIDS, Divorce, Drugs, Young Leaders

*PA1112154091 Mexico City NOTIMEX in Spanish 1845 GMT 10 Dec 91*

[Report on ninth and final part of an interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 10 Dec (NOTIMEX)—Fidel Castro has said that Cuba has been quite successful in fighting acquired immunodefficiency syndrome [AIDS] and has managed to contain the disease while other countries have not.

We apply traditional methods, those that have been used throughout history in cases of highly dangerous diseases, that is, the isolation of infected people, as in the case with cholera, leprosy, and so on, Castro added.

In the final part of an exclusive interview with Mexican newspaper EL SOL DE MEXICO he stated that in Cuba the disease was detected at a very early stage and "we lost no time, we made no mistakes, because we treated it on a case-by-case basis."

We established sanatoriums to house those infected with AIDS to allow them to have contact with their families and go out.

He added that the hospitals implement control measures and educate the families of AIDS patients while the patients receive treatment and careful nourishment and are allowed to visit their homes.

Cuba has so far registered 681 infected people of whom 98 are sick and 583 are carriers of the virus.

"Our people feel overprotected from AIDS, otherwise, the country would not even have the 681 serum positives it has, that is, .006 percent," Castro added.

During his interview with the Mexican newspaper, Castro also commented on divorce in Cuba. He said that his country has registered a high rate of separations and this has increased with the revolution.

"Couples are freer now; women who are freer are less dependent on men than during pre-revolutionary times," Castro stated.

In the past women held no jobs or worked as maids, and there was a large number of prostitutes.

The commander said that there are 33,000 legal separations and 83,000 marriages. [sentence as received]

Castro said that "the government is concerned about the high number of separations" and admitted that this shows that sex education is not that advanced.

He added that women in Cuba comprise nearly 60 percent of the country's technical force, hold jobs, earn good salaries, and are free and less dependent on men than in the past.

As for the drug problem in Cuba, Castro stated that "there is almost no mention of that" in the country.

He said that "some factors have helped us," referring to the case of General Ochoa and his comrades, who received death sentences for their involvement in the trafficking of drugs from Colombia.

"That set a clear precedent; that our country would not tolerate weaknesses or crimes of that nature," Castro added.

He pointed out that "we had a problem. In Colombia there was a powerful mafia and as part of its plans it was constantly violating Cuban airspace."

The government implemented a number of actions to prevent Cuba from being used as a bridge for drug trafficking, "it involved hard work, but we were successful" and attempts to violate our airspace and territorial waters have decreased considerably.

As for the new generation of presidents and chiefs of state in Latin America, especially Mexico and Brazil, Castro pointed out that it is a good idea to bring in new blood, because only with the involvement of youths can many things be accomplished.

Castro said that Cuba is renewing its political leadership. He added that more than half of the members of the Central Committe of Cuba's Communist Party are new, as are a large number of Politburo members.

We injected a good dose of young blood into the recent party congress, because we are convinced that this is essential and that there is a need for health and energy for the increasingly complex and tense functions of the state.

"I believe that the presence of young people, outstanding people, and new politicians, who have emerged in important countries such as Brazil, Mexico, and so on, is a positive development" he pointed out.

Castro stated that youth has helped Mexican President Carlos Salinas de Gortari, because he moves about the country as if he were "possessed" and works hard.

### Aldana, Carneado Present at Pastoral Meeting

*FL1112140091 Havana Tele Rebelde Network in Spanish 1230 GMT 11 Dec 91*

[Text] During the Continental Pastoral Meeting with the Cuban People and Churches, Politburo member Carlos Aldana has stated that the main thing we are counting on to confront the current situation is the people, who are with us and who have remained on the revolution's side. The party official gave a speech entitled, Cuba: Realities and Prospects, to delegates from the United States,

Canada, Latin America, the Caribbean, and Cuba. A topic which gave rise to numerous statements against the U.S. economic embargo on Cuba was: The church and the option of a more just and humane society. Jose Felipe Carneado, a member of the Central Committee of the Communist Party of Cuba, was also present at the evangelical meeting, which is continuing its sessions today.

### Raul Castro, Officials Tour Sancti Spiritus

*FL1212032791 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Dec 91*

[Text] Army General Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba [PCC] and minister of the Revolutionary Armed Forces [FAR], has conducted a tour of sites of social and economic interest in Sancti Spiritus Province.

He first visited the reference laboratory on bee diseases where he verified the importance of this center which manufactures 58 products from honey. There, chief researcher Ana Ramona Gonzalez explained the work in the beekeeping field for the production of medical and nutritional products from bee honey.

The FAR minister, accompanied by Politburo members Juan Almeida and Julian Rizo; Division General Joaquin Quintas Solas, chief of the Central Army; Vilma Espin, president of the Federation of Cuban Women; and Jorge Valdes, first secretary of the PCC in Sancti Spiritus, also toured the physical therapy rehabilitation center in the province. This type of care is closely related with the work of family doctors. The 34-bed center is being expanded.

Later on, Raul and his companions visited local self-sufficiency plots of the Sancti Spiritus Municipality. There, Humberto Ravelo, first secretary of the PCC in the municipality, explained that a total of 47 caballerias that were not being used are now being prepared to be planted with several crops. These lands have been distributed among several municipal enterprises in order to make them productive.

While meeting with a group of high school exact sciences students, Raul spoke about the recently-concluded Eighth Congress of the Federation of Secondary School Students and the current need to produce food for our people.

[Begin Raul Castro recording] A country that has these kinds of children, youths, aside from our imperfections, is a country that is simply invincible and this is what we are. [end recording]

From there, the FAR minister and his companions toured tourist attractions in Trinidad Municipality. In this area, the Union of Caribbean Construction Enterprises is building 210 new rooms. These rooms constitute expansions at the Ancon and Costa Sur Hotels, and Las Cuevas Motel.

Finally, Raul visited the model city of Topes de Collantes administered by the Gaviota Tourist Group. At Casa Cobinas, architect Isabel Cruz explained to Raul the construction characteristics of the building, which dates from the 19th Century. Forestry engineer Cecilia Olivera gave a detailed explanation of the scenic trail at the Topes de Collantes site. The second secretary of the PCC and his companions were able to verify the development of the province in this and other economic spheres to achieve the directives outlined by the PCC and Cuban Government despite the difficult work conditions.

### Anticrime Measures Taken in Agriculture Sector

*FL1112141291 Havana Tele Rebelde Network in Spanish 1300 GMT 11 Dec 91*

[Text] The efforts to fight crime in the marketing of agricultural products have been examined during a national meeting of the State Collection Union. During July and August, the Ministries of the Interior and Agriculture, the National Bank, the State Committee for Finance, and inspectors from the Ministry of Domestic Trade carried out an operation in Havana and took photographs, including the losses that occur between the fields and sale in retail markets.

For example, 443 citizens at the Havana Agricultural Products Marketing Enterprise have been expelled or indicted, not counting those whose contracts have been revoked. The fight against crime in this sector of the economy includes not only repressive measures, but also some preventative regulations. This is why, beginning in January, a single invoice will be put into effect. This will make any criminal activity more difficult.

### PCC Provincial Committee Approves Work Goals

*FL1112154491 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 11 Dec 91*

[Text] The plenary session of the Communist Party of Cuba [PCC] Provincial Committee in Las Tunas has approved its fundamental work goals for 1992, based on the implementation of the agreements reached at the Fourth PCC Congress. Most of the presentations focused on the food program; to consolidate it within the state enterprises, agricultural production, and credit and service cooperatives, and for the achievement of complete self-sufficiency of workers involved in growing sugarcane and other kinds of crops. These workers and their families represent 60 percent of the province's population.

[Begin Jose Ramon Machado Ventura recording] You have a great advantage, from what we have seen here, because of the tasks you have, because of what you have developed, how you have gotten the people, the masses, to participate in all this, because this is definitely a task for everyone. If we are talking about saving the nation, the revolution, and socialism, this cannot be done by a group of party officials. This cannot be done by a group

of leaders. This is something for the people to do. The important thing is for the people to be willing. They have also understood what their role is, what is at stake, and they are willing to do the maximum to carry out our-...[rephrases] to overcome any kind of obstacle and to resist—as you have said—and to develop also, because we must always have that goal before us. [end recording]

### Las Tunas Exceeds '90 Harvest Despite Shortages

*FL1112133491 Havana Tele Rebelde Network in Spanish 1200 GMT 11 Dec 91*

[Text] More than 1 million quintals of tubers, vegetables, grains, and fruit have been harvested from January to November of this year by the workers at the vegetable crops enterprises and cooperatives, and small farmers in Las Tunas Province. This figure is almost 93,000 quintals more than the figure for the same period of 1990, in spite of the limitations on fuel, fertilizers, and other resources used in agriculture. Although this figure is still insufficient to meet the needs for agricultural produce of the more than 500,000 inhabitants of Las Tunas, it is an example of the progress that is being achieved in carrying out the food program in that eastern province.

### Half of Fishing Fleet To Navigate Under Sail

*FL1112145991 Havana Tele Rebelde Network in Spanish 1200 GMT 10 Dec 91*

[Text] Almost 50 percent of the bonito-fishing fleet in Villa Clara Province will navigate under sail in fishing for that species after a successful experiment was conducted with Cayo-Hueso-type boats. Using two sails, one of the boats maintained an average speed of 9.8 knots during a 105-mile trip and saved almost 44.6 percent of the fuel it normally uses for that route. This means of navigation will be gradually introduced into the bonito-fishing fleet, which is one that uses the most oil because its fishing technique requires the boats to remain constantly in motion. For now, at least five of the 12 bonito-fishing boats in Villa Clara will use sails during the upcoming fishing season, which should start on 15 December.

### Chamber of Commerce Tourism Award Approved

*FL1112131791 Havana Tele Rebelde Network in Spanish 1130 GMT 11 Dec 91*

[Text] The conferring of a special annual award for work in tourism has been one of the resolutions approved at the Chamber of Commerce's fifth general assembly held in Havana. Cuban Chamber of Commerce President Julio Garcia Olivera reported that the organization's activities promoting interests between Cuban entities and foreign companies and enterprises increased this year.

As a result of agreements signed with other countries' chambers of commerce and the terms obtained, $40,000 was saved by fulfilling the plan. Over 40 trade missions from various countries were received, 60 agreements for partnerships with foreign companies were signed, and proposals for joint enterprises or production in cooperation were discussed.

Twenty-three new companies from 12 countries were registered with the Chamber of Commerce this year. As a priority task, the assembly resolved to continue the promotion of partnerships with foreign organizations in order to maximize our production capacity for domestic consumption and export.

### Agreement With La Coruna Chamber of Commerce

*FL1112232591 Havana Tele Rebelde Network in Spanish 1800 GMT 11 Dec 91*

[Text] Today, the Cuban Chamber of Commerce and the Chamber of Commerce of La Coruna, Spain, signed an agreement to strengthen relations and promote development of trade and economic ties between the two countries. The document was signed by Julio Garcia Olivera, president of the Cuban Chamber of Commerce; and Mr. Manuel Iglesias Sousa, first vice president of the Chamber of Commerce, Industry, and Navigation of La Coruna. The agreement establishes a systematic exchange of publications and trade, technical, and scientific investment opportunities benefiting the two countries.

According to the agreement, the Chambers of Commerce of Cuba and La Coruna will promote nontraditional forms of trade and collaboration, such as joint enterprises and productions, as well as the organization of courses and seminars, and the exchange of information in fairs and international expositions.

[Begin Iglesias recording] I would like to tell you, very briefly, that in addition to the feelings that we have developed due to the sentimentality, to call it that, inspired by the ties of affection between Spain and Cuba, we are at the point of turning these emotional ties into more important acts of efficiency and productivity benefiting the two countries. [end recording]

Mr. Gonzalo Ortiz Zamor, secretary general of the chamber of commerce; and Mrs. Belen Padin, foreign trade specialist are also part of the delegation from La Coruna.

### DPRK Delegation Meets With Castro, Departs

*FL1112132691 Havana Tele Rebelde Network in Spanish 1200 GMT 11 Dec 91*

[Text] Kim Yong-sun, member of the Secretariat of the Central Committee of the DPRK Workers Party and a special envoy of Kim Il-song, the DPRK president and secretary general of the Workers Party, has returned to his country along with the delegation that accompanied him during his visit to Cuba. Before his departure, Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers, held a fraternal meeting with Comrade Kim Yong-sun during which the Korean official gave Fidel a message from Korean leader Kim Il-song. Politburo member Carlos Aldana Escalante,

DPRK Ambassador to Cuba Pak Chung-kuk, and officials of the Central Committee of the Communist Party of Cuba also attended the meeting.

### Latin American Parliament President Visits

*FL1112134791 Havana Tele Rebelde Network in Spanish 1200 GMT 11 Dec 91*

[Text] Humberto Celli, president of the Latin American Parliament, has spoken to delegates of the National Assembly of the People's Government [ANPP]. Our Comrade Dania Dieguez has a report from the Convention Center.

[Begin recording] [Dieguez] In a solemn session of an ANPP standing committee, Celli expressed satisfaction at being in our country. In his speech, the president of the Latin American Parliament said that this continental forum is called to play an important role in the region's transformation by promoting the economic and cultural integration which is an imperative of our times.

[Celli] We are leaving behind the frustrations, disillusionment, and wounds inflicted on our people by the antihistorical attempts to impose on us conduct, models, and doctrines which are contrary to our convictions. This concerns the form of life each nation has freely chosen, to find its own destiny in the legal and economic spheres, which emanate from the legitimacy of self-determination and the right to preserve our identities and sovereignty.

[Dieguez] A standing working commission of the Latin American Parliament on health, labor, and social security will be headquartered in Cuba soon in recognition of our country's achievements in those fields. In a later talk with the press, Humberto Celli stated the reasons for his visit to Cuba.

[Celli] When I was elected president of the Latin American Parliament, I offered to travel to the member countries, especially Cuba. I have had two special incidents in my life as a parliamentarian concerning Cuba. When Cuba was admitted as a member of the Latin American Parliament, I was chairing the session. We had a strong run-in with the European delegation. Later, now, at the time when Cuba is chairing a commission for the first time, I wanted to come to offer my expressions of admiration and solidarity to the Cuban people in these very difficult moments they are experiencing. [end recording]

### Ambassador's Message Supports AFRICA Fund

*FL1212025191 Havana Radio Rebelde Network in Spanish 0000 GMT 12 Dec 91*

[Text] Eumelio Caballero, Cuban ambassador to Zimbabwe, has sent a message to the ninth committee meeting of the Action for Resistance Against Invasions, Colonialism, and Apartheid [AFRICA] Fund, reiterating that Cuba, despite its current economic difficulties, remains in solidarity with its African brothers in need of help. The message, issued in Harare today, adds that internationalist aid has always been a priority of the Cuban Revolution, and urged the participants in the meeting to maintain the sanctions against South Africa until the current process of change in this country becomes irreversible.

## Haiti

### Authorities Prepared To Accept Aristide's Return

*FL1112223091 Port-au-Prince Radio Metropole in French 1145 GMT 11 Dec 91*

[Text] Haitian authorities are reportedly prepared to accept the return to power of Jean-Bertrand Aristide. During a brief stay in the Dominican Republic, the president of the National Assembly, Senator Dejean Belizaire stated, quote, Haitian authorities are prepared to accept the return of the overthrown president if he would allow, among other conditions, the replacement of his Prime Minister Rene Preval, unquote.

Dejean Belizaire, in the Dominican Republic since 7 December, was leading a delegation of Haitian senators searching for support against the embargo ordered by the OAS. Senator Belizaire also asserted to his Dominican counterparts that Haitian authorities had submitted to the OAS the names of several individuals who are capable of replacing Rene Preval. Dejean Belizaire took the opportunity to announce that the name of Marc Bazin was not included in this list as several sources had previously reported.

Dejean Belizaire asserted that the new prime minister must be a person with great professional capacity, of sound administrative experience, and honest.

During their stay in the neighboring Republic, the Haitian senators held talks with several high-ranking officials in the Joaquim Balaguer government, members of the Dominican Parliament, and numerous media directors.

If Dominican Senate President Jose Osvaldo Leger asserted that he was against the embargo ordered by the OAS, other Dominican lawmakers rushed to point out that such an opinion was strictly personal to the Senate president and not the one of the majority of the Dominican congress. Dominican Senator Max Puig recalled that in October the Dominican Parliament had condemned the coup that overthrew Jean-Bertrand Aristide.

### Brutus Hailed, Cited as Possible Prime Minister

*FL1112232491 Port-au-Prince Radio Nationale in French 1800 GMT 11 Dec 91*

[Text] The Socialist Democratic Group congratulates itself on the fact that the name of Duly Brutus, one of its members within the Haitian Parliament, was cited as a possible prime minister. The Socialist Democratic Group takes the opportunity to hail the patient work

Duly Brutus has performed as the head of the Chamber of Deputies which has allowed for a certain cohesion within this institution. Today, in view of the national crisis, the Socialist Democratic Group thinks it is imperative to look for a real balance between the country's institutions in the fundamental interests of the nation.

Duly Brutus' presence at the chamber, therefore, seems to have much more importance. The Socialist Democratic Group calls on the Haitian people and the Haitian political parties to show political realism in finding a fair and lasting solution which begins with the choice of a consensus prime minister.

This note is signed by Yves Pericles Beauge, president; Syndic Beaubrun, secretary; Laveaux Jean-Baptiste, member; and Marfel Morquette, member.

### Deputy on Brutus' Candidacy

*FL1212000191 Port-au-Prince Radio Nationale in Creole 1400 GMT 11 Dec 91*

[Report by correspondent Jean-Marie Ferari at the Legislative Palace in Port-au-Prince on 10 December—recorded]

[Text] [Ferari] The legislative chamber did not follow its customary routine on Tuesday, 10 December. The daily meeting of deputies and senators was disrupted suddenly by a wind of panic. No one knows where it started. What happened exactly? The usual truck of soldiers arrived, to change or increase the number of sentries who ensure security for the Legislative Palace. We interviewed Deputy Lambert who gave us more details.

[Lambert] There was a wind of panic that was blowing around the Chamber. We all know that, for the time being, the choice of a new prime minister for the new government is the main story in the news. It seems that the Port-au-Prince Police recalled some military personnel to the palace to give them instructions. It was either to reinforce security here or to reduce the number [of soldiers] stationed here, one or the other. Immediately several people who were present noted their arrival and, as you know.... [changes thought] There are always people who like to add fuel to the fire and they spread a wind of panic by alleging that the Haitian Army was going to invade the Chamber and, consequently, all the staff started running away, and so on, and so on. That is all. I have been at the Chamber since morning and nothing bad has happened.

[Ferari] It is clear then that the Army came for no other reason than to recall the sentries or to increase security?

[Lambert] Well, they only recalled the sentries to give them instructions. They must have come to reinforce the team already on duty or to reduce its number. It is one or the other explanation but so far, sentries are still (?on duty here), guarding the Chamber and the comings and goings around the Chamber.

[Ferari] While some parliamentarians do not consider this important, others think it is significant because of the political events we are going through today. For a couple of days, everyone has been talking about a new prime minister chosen by Jean-Bertrand Aristide. The name of Duly Brutus has been cited as the imminent strong man. But everyone knows that Duly Brutus is the president of the Chamber of Deputies. For a more critical explanation, we asked Deputy Lambert.

[Lambert] At this time, Duly is not the right man. If Aristide chooses Duly Brutus as Chamber president...

[Ferari, interrupting] As prime minister.

[Lambert] As prime minister, I am quite certain it will be because he wants the Chamber to be broken up at all costs.

[Ferari] There are deputies who went so far as to say yesterday in an interview that Mr. Brutus cannot be both judge and judged as he is participating in the negotiations.

[Lambert] That is a problem. Yesterday, the struggle in the Chamber of Deputies was very intense. Some colleagues asked Brutus—in whom, so far, we have placed a great deal of trust, as I told you, and so far he has led the Chamber of Deputies very well, except as you know sometimes mistakes are made in politics, intentionally or unintentionally—[to resign]; but so far we are very satisfied with Brutus as Chamber president. We told Brutus yesterday that if Aristide must choose the prime minister, in conjunction with the presidents of the two chambers, we cannot conceive of him, as the Chamber president being a member of the negotiating committee because one cannot be both judge and judged at the same time. One cannot choose oneself. No matter what you think, it is not possible to chose yourself, to give references for yourself. This is a small problem. That is why we asked the president to resign from the negotiating committee of the Chamber of Deputies yesterday. Additionally, there are other factors. In fact, if Aristide must consult with the president [Brutus], while naming him for the post of prime minister, again we cannot imagine how this would be approved by the majority of the deputies of the Chamber.

We must tell you that the majority of the deputies have placed great confidence in Duly as president of the Chamber of Deputies and especially as the president during this crisis but we cannot imagine Duly acting as prime minister during this crisis.

[Ferari] We must point out that Mr. Duly Brutus has two roles: Deputy Brutus and the politician representing a political party. Many observers think that besides the Chamber of Deputies' interests—which are supposed to reflect the desires of the majority of the Haitian people—there are also party interests. Deputy Lambert is wondering if the Chamber can grant the majority to Mr.

Brutus. Deputy Lambert thinks that the president of the Chamber of Deputies should be careful not to lose everything.

### Senators Accused of Boycotting Negotiations

*FL1112232391 Port-au-Prince Radio Metropole in French 1145 GMT 10 Dec 91*

[Text] A group of lavalas deputies have accused other colleagues in the Senate of boycotting the negotiations for the return to power of Jean-Bertrand Aristide. This lavalas group includes Senators (Herard Pauyo), (Yvon Gislain), and Clark Parent. There is also a document which cites the names of (Edrice Raymond), (Art Austin), Wesner Emmanuel and Turneb Delpe. In this document, signed in Port-au-Prince on 9 December, the signatories criticize their Senate colleagues for delaying the negotiations in order to block the nomination of a prime minister chosen by President Jean-Bertrand Aristide.

Senators Clark Parent, (Yvon Gislain) and (Herard Pauyo) are asking the international community and the nation to take note of this faction in the Senate that is blocking the negotiations.

### Armed Civilians Kidnap Radio Station Director

*PA1112154291 Paris AFP in Spanish 1510 GMT 11 Dec 91*

[Text] Port-au-Prince, 11 Dec (AFP)—Felix Lamy, one of the directors of Radio Galaxie, a privately-owned Port-au-Prince radio station, was kidnapped by armed civilians at the station last night, one of the employees reported to AFP today.

The kidnapping took place at 0200 GMT on 10 December when several individuals armed with assault rifles and revolvers broke into Radio Galaxie, which is located in the capital's commercial center. The armed individuals then ransacked one of the station's studios and beat up one of the employees.

Lamy, who reportedly was not beaten when he was kidnapped, was taken away in a car. This morning, Lamy's private car was still parked in front of the radio station, one of the five stations that have continued to air local and international news on Haiti's situation. According to a police source, an "investigation to gather information" has been initiated.

### Further on Incident

*FL1112205291 Port-au-Prince Radio Metropole in French 1145 GMT 11 Dec 91*

[Text] We have learned this morning that Radio Galaxie was ransacked last night by seven heavily-armed men. The damages are reportedly very extensive. According to a radio station reporter, the equipment was seriously damaged, most likely by automatic gunfire. According to the reporter, the studio and the management offices were ransacked. The production studio was undamaged by the shots fired last night.

According to what we were told, the Radio Galaxie director was reportedly arrested. The reasons for attacking the building located on Pavee Street [downtown area] are still unknown.

We noticed that Radio Galaxie, which usually broadcasts a Creole newscast at 1100 GMT, did not air this morning which substantiates the news that we learned this morning and confirms what the reporter said.

### Government 'Deplores' Kidnapping

*PA1212040991 Paris AFP in Spanish 0215 GMT 12 Dec 91*

[Text] Port-au-Prince, 11 Dec (AFP)—The "provisional" Haitian Government on 11 December stated that it "deplores" that "armed individuals claiming to be Armed Forces members" kidnapped Felix Lamy, director of Radio Galaxie, and ransacked the installations of the private station on the night of 10 December.

According to a communique of the Information, Culture, and Coordination Ministry, the kidnappers acted "with the intention of discrediting the Armed Forces."

The communique reiterated to the press "the guarantees to exercise its functions in strict respect for professional ethics and principles."

The ministry urged all the members of the press and all those responsible for other sectors "to express solidarity and respect for their fellow man at a time when the nation needs all its resources to face the current difficulties."

Lamy was kidnapped by seven men armed with assault rifles and pistols at the private station located in Port-au-Prince's commercial center.

Radio Galaxie was one of the five last stations broadcasting national and international news about the Haitian crisis. Several stations temporarily ceased their newscasts after the incident.

Inquiries at hospitals about Lamy have been unsuccessful and his relatives fear the worst.

There is also great concern and uneasiness among the journalists who continue doing their job in Port-au-Prince, despite the difficult working conditions.

## Jamaica

### Failure of IMF Performance Test Debated

*FL1212010991 Bridgetown CANA in English 2136 GMT 11 Dec 91*

[Text] Kingston, Jamaica, Dec 11, CANA—A debate over whether Jamaica has failed September and

December International Monetary Fund (IMF) performance tests has intensified here. Finance Minister P.J. Patterson told Parliament Tuesday that a major concern during talks with the IMF in Washington earlier this month was a shortfall in foreign exchange receipts of U.S. 50 million dollars. The shortfall will mean further adjustments in the setting of performance targets and a delay in the drawdown of millions of U.S. dollars in IMF funds which had been tentatively set for the end of December.

Reacting to Patterson's statement, opposition leader Edward Seaga issued a statement saying: "The plain fact is that the September and December tests have been failed as the JLP [Jamaica Labor Party] has been advising.

"The government has lied to the country in stating that there was no test in September. Now Mr. Patterson 's statement at last admits that there has been a shortfall of 50 million U.S. dollars, which is what has triggered the failure of the IMF test and the talks which have followed."

Patterson has consistently argued that the September and December IMF tests had been made irrelevant by the liberalisation of the foreign exchange regime in September. He has said the original performance criteria was set before the far-reaching liberalisation of the foreign exchange programme and was therefore set with different assumptions.

The finance minister told the House Tuesday that "whilst it had previously seemed likely that these (50 million U.S. dollar) flows would materialise during the third quarter, our (IMF and government) joint appraisal at the beginning of December was that it would be safer to assume receipt in the fourth quarter, between January and March.

"Hence, we agreed that additional work was needed to be carried out to rephase the inflows and to adjust the targets for December, in line with the rephasing exercise."

Patterson said a small technical [team] would travel to Washington today to work with the IMF in "the rephasing exercise." The governor of the Bank of Jamaica, G. Arthur Brown; the director general of the Planning Institute of Jamaica, Dr. Omar Davies; and the financial secretary, Shirley Tindale will join the team next week.

However, the finance minister said because of the proximity of the Christmas holidays it was unlikely that the required documentation could be prepared in order to obtain the IMF board's approval before the end of December. He said it was agreed with the IMF that this would now take place in January.

"As soon as this exercise is completed, work will begin on the extended fund facility which will form the basis of the government's medium term economic programme," Patterson said. The extended fund facility will replace the more short term stand-by agreement with the IMF.

## Trinidad and Tobago

### Privy Council Outlines Reasons for Muslim Ruling

*FL1212004591 Bridgetown CANA in English 2046 GMT 11 Dec 91*

[Text] Port-of-Spain, Trinidad, Dec 11, CANA—The British Privy Council on Tuesday said it would be unfair to detain Jamaat al-Muslimeen members charged with last year's attempted overthrow of the Trinidad and Tobago Government, if they were the beneficiaries of a pardon. The TRINIDAD GUARDIAN on Wednesday reported on the 15-page judgement, handed down by Lord Ackner on behalf of the Privy Council, the highest court of this twin-island Republic, a former British colony.

"No civilised system of law should tolerate the years of delay contemplated by the courts below, before the lawfulness of this imprisonment could be effectively challenged," Lord Ackner was reported saying.

The Privy Council ordered the Trinidad and Tobago Government to pay costs, estimated at one million dollars (one TT dollar = 23.5 U.S. cents) to the Muslimeens for cases dealt with by the high court and appeal court here and overseas. The Privy Council, comprising Lord Bridge, Lord Templeman, Lord Ackner, Lord Lowry, and Sir Maurice Casey, further ordered that both matters be consolidated and dealt with together in the high court here.

Both the high court and appeal court here had ruled against motions filed by the 114 accused Jamaat members, stating they must wait until arraignment in the high court to determine the validity of the amnesty granted by then Acting President Emmanuel Carter.

Queen's Counsel George Newman, representing the state, said the amnesty given to the Muslims was done under duress. Assisting him were Trinidadians Ewart Thorne, Solicitor-General Amelia Carrington, and Peter Knox. The Muslimeens were represented by Queen's Counsel Geoffrey Robertson and Trinidadian Ramesh Lawrence Maharaj.

The 114 men are facing treason, murder, and kidnapping charges arising from the six-day coup attempt in which Prime Minister A.N.R. Robinson and other parliamentarians were held hostage inside Parliament.

Delivering the judgement, Lord Ackner said it was unfortunate that the courts here did not give proper consideration to the Muslimeen's application for habeas corpus.

"If this application had been taken first, it might have been more readily appreciated that the appellants had

made out a clear prima facie case that they were unlawfully imprisoned and therefore entitled to the writ as of right," he said.

The law lords also gave leave to the Jamaat members to issue a writ of habeas corpus and instructed the registrar of the Supreme Court of Trinidad and Tobago to do all such things as may be required for the hearing of both matters. They said that in the overall interest of justice, there should be the earliest possible decision of the amnesty.

The law lords said if the pardon remained unchallenged or was held to be valid, then the unlawful imprisonment of the Muslimeens will then cease.

"The injustice of the appellants remaining in prison, if they are the beneficiaries of a valid pardon, heavily outweighs the inconvenience of their raising again the pardon as a plea in bar at the trial," said Lord Ackner.

The law lords noted that the Muslimeens application for habeas corpus was a simple one. They had established a prima facie case that they were the beneficiaries of the pardon under Section 87 (1) of the Constitution which deals with the powers of the president.

The Privy Council said that in the cirumstances, the Muslimeens were entitled as of right to the immediate determination as to the lawfulness of their imprisonment.

## Defense Secretary Denies Drug Trafficking Link

*PA1012042191 Madrid EFE in Spanish 2033 GMT 9 Dec 91*

[Text] Mexico City, 9 Dec (EFE)—Mexican National Defense Secretary General Antonio Riviello on 9 December denied the Mexican Army is involved in drug trafficking, referring to the killing of seven antidrug agents by soldiers on 7 November.

In the presence of Mexican President Carlos Salinas de Gortari during a meeting of commanders of military regions, zones, and military air bases, Riviello announced that authorities will act with strict adherence to the law to determine responsibility in the case of seven federal agents killed during a shooting with soldiers in the northern part of eastern Veracruz State.

The circumstances surrounding the case "prompted an attempt to question the integrity of the Armed Forces," Riviello said.

According to official reports, both soldiers and antinarcotic federal agents were participating in an operation to stop a light aircraft transporting 370 kg of pure cocaine from Colombia to Mexico.

The National Human Rights Commission designated by the Executive Branch requested punishment of the soldiers responsible for the killing of the agents. As a result, General Alfredo Acevedo, commander of the 26th Military Zone, who directed the soldiers implicated in the incident, was removed from his post.

"The Mexican Armed Forces are the first to regret this unfortunate incident," Gen. Riviello said to President Salinas de Gortari, who is the commander in chief of the Mexican Armed Forces.

## Salinas Orders Discontinuation, Sale of Imevision

*PA1112035091 Mexico City NOTIMEX in Spanish 1854 GMT 10 Dec 91*

[Text] Mexico City, 10 Dec (NOTIMEX)—President Carlos Salinas de Gortari has decreed the discontinuation and sale of the Mexican Television Institute (Imevision) because it is not financially viable and it is inadvisable to keep it operating as a state institute.

The decree was published in the official newspaper of the federation and established that the Government Secretariat proposed the elimination of the institute "considering the public interest and the priorities of the national economy."

It was unofficially reported that Channel 13 will continue to work as a station of the Mexican state and the other two channels will just be reorganized.

Imevision was created on 25 March 1983 to run all the television stations, production units, relays, and television networks owned by the Federal Executive Branch.

The document noted that the privatization of state institutes is aimed at improving the efficiency and productivity of the public sector, as well as assigning resources to priority areas.

The process to privatize and sell Imevision will not exceed six months. This will be implemented by the government, Programming and Budget Secretariats, and the Comptroller General's Office.

The document added that the rights of Imevision workers will be respected in accordance with the law and that the necessary steps will be taken so that the dismantling process will be carried out in a timely and effective fashion.

## Station Status Following Measure

*PA1112201091 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 11 Dec 91*

[Report by Jaime Guerrero]

[Text] On 10 December the decree ordering the closure and liquidation of the Mexican Television Institute was published in the official gazette of the federation. This decentralized public organization was designed as an integrated operation of television stations, production units, relay stations, and television networks affiliated with the federal executive branch. The institute has served its purpose and the elimination and liquidation have been ordered because Red Nacional 7 and Channel 22 have been separated from the federal government.

Channel 13 was allocated to the Mexican Radio and Television Corporation, a mixed-capital corporation in which the state owns a majority of shares. Therefore, the channel's relationship to the institute was only operational.

The closure and liquidation of the Mexican Television Institute does not affect the existence of the Mexican Radio and Television Corporation, which owns Channel 13. However, the name Imevision will be retained as a trademark to be used by Channel 13 and its national network of relay stations.

## UN Official on Haitian Refugee Situation

*PA1112155791 Mexico City NOTIMEX in Spanish 1023 GMT 10 Dec 91*

[Text] Chetumal, 10 Dec (NOTIMEX)—Alfredo Wischi Cestari, representative of the UN High Commissioner for Refugees [UNHCR], has said here that about 1,200 Haitians have arrived in Cuba since 30 September as a result of the political situation that followed the military coup in their country.

The UNHCR representative for Cuba, Mexico, and Belize said in this capital of the southeastern Mexican state of Quintana Roo that for the first time in 30 years,

Cuba has requested economic support from international organizations, to cope with the needs of the Haitian refugees.

The official said that he does not know how much financial aid the UNHCR will grant to Cuba, because the organization has appointed two people to assess the refugees' true situation.

The Haitians arrived on the island by accident. Their original destination was the United States, where most of them have relatives.

Without giving a date, the official said that the UNHCR is prepared to receive 100 Haitians in Belize. He said it is unlikely that any of them will request political asylum in Mexico.

The official said that in October, the UNHCR began distributing resources from 1991 and part of the 1992 allocations for helping Haitian refugees in Venezuela, Trinidad and Tobago, Honduras, Cuba, Belize, and Mexico, among other nations.

## Costa Rica

### Calderon Meets With Salvadoran Rebel Commander

*PA1112195291 San Jose Radio Reloj in Spanish 1730 GMT 10 Dec 91*

[Report by William Cespedes]

[Excerpt] On 10 December President Rafael Angel Calderon received Joaquin Villalobos, commander of the Farabundo Marti National Liberation Front, FMLN. Villalobos arrived in Costa Rica to inform President Calderon of the status of the peace talks between the FMLN and the government of President Alfredo Cristiani.

President Calderon expressed his hope that a peaceful and definitive solution will soon be found for the Salvadoran conflict. He said that Costa Rica has been cooperating in every possible way to make this possible. Here is President Calderon:

[Begin recording] We are always willing to talk with the various sectors of Central America, of which we are a part and for which we have been working to achieve real peace. I am very pleased with all the efforts conducted by the Salvadoran people, by President Cristiani within the negotiation process, and by the FMLN to achieve real peace. Commander Villalobos was kind enough to inform us about the talks and to express the FMLN's desire to achieve durable peace in El Salvador soon. However, peace must be based on social justice in order to be durable; otherwise it will not be feasible.

I sincerely hope that very soon the Salvadoran people will attain that peace. Costa Rica has permanently offered its cooperation to all forces and to the Salvadoran Army and the FMLN in our efforts to bring real peace to the Salvadoran people. [end recording]

FMLN Commander Joaquin Villalobos commented on the efforts being made to reach a definitive agreement with the government of President Alfredo Cristiani. He said he came to Costa Rica to inform President Calderon about those efforts.

[Begin Villalobos recording] As Costa Rica is considered the country of peace in Central America, for some time the FMLN has maintained the policy of informing the Costa Rican government of the evolution of the peace talks. Now that we are practically in the final phase of reaching an agreement and now that we are aware of President Calderon's interest in reaching a final agreement in El Salvador, we have given him a detailed report on the current situation, prospects, and problems affecting the talks at this time.

Our goal is to achieve a definitive cease-fire agreement before the end of the year. We think this is possible. On 15 December a new round of talks will begin in New York; the UN secretary general will directly participate in these talks. We will try to overcome some obstacles on key points in the shortest time possible, and we will even try to reach agreements on the timetable and implementation of the agreements. We hope that 1992 will be the year of peace in El Salvador. This would benefit Central America's integration process and encourage development in our country. [end recording] [passage omitted]

## El Salvador

### Cristiani Confirms Peace Talks To Resume 15 Dec

*PA1112164691 San Salvador Radio Cadena YSU in Spanish 1800 GMT 10 Dec 91*

[Excerpts] President Alfredo Cristiani confirmed on 10 December that the peace talks with the FMLN [Farabundo Marti National Liberation Front] will resume on 15 December at UN headquarters in New York. However, he said that for the time being he will not be attending the talks. Cristiani said that the talks will probably recess on 11 December and that the representatives of the two sides will then travel to the United Nations over the weekend. President Cristiani also announced that his visits to Venezuela and Colombia on 9 December were to talk with two of the countries that comprise the group of friends of the UN secretary general and to give them a report on the peace process.

[Begin recording] [Cristiani] Initially, it is possible that a recess will be called, perhaps beginning on 11 December, and then the talks would resume on 15 December in New York. Such talks would be at the level of negotiating commissions and I would not be present.

[Unidentified reporter] Mr. President, what was the purpose of your visit to Colombia and Venezuela?

[Cristiani] It was an effort to personally brief the presidents, who are supporters of the peace process, about what has been done and what might occur in the future, and of course, to ask for their backing so that this process can conclude as soon as possible. [passage omitted] [end recording]

The Salvadoran president, who returned from his official tour which lasted just a few hours, attended the graduation of 17 Air Force pilots. The ceremony was also attended by Deputy Defense Minister Orlando Zepeda and Air Force Commander Colonel Hector Lobo. The FMLN has announced that members of the FMLN General Command will attend the New York talks. It also hinted that Cristiani might attend the meeting. Despite these efforts, the president was somewhat doubtful that an agreement to end the war will be reached in the middle of December. Reiterating what the Salvadoran vice president has stated, Cristiani said that the government is not willing to sign agreements under pressure.

[Begin recording] [Cristiani] I do not doubt that the UN secretary general wants to conclude his work before

ending his term. I think this is natural. However, the government will not sign any agreement under pressure.

[Reporter] [Question indistinct]

[Cristiani] It would be difficult in mid-December because it is not until 15 December, which is the middle of December, that they will meet in New York. I repeat that an agreement will depend on the flexibility and reasonableness of the FMLN position. [end recording]

The government and the FMLN will resume the talks in New York on 15 December. UN Secretary General Javier Perez de Cuellar might participate directly in the talks. According to diplomatic and political circles, the UN secretary general has been forced to pressure the two sides directly in light of the stalemate during the Mexico talks on the issue of the national civilian police.

## Pacas Pessimistic About New York Talks

*PA1212034891 Panama City ACAN in Spanish 2101 GMT 11 Dec 91*

[Text] Tegucigalpa, 11 Dec (ACAN-EFE)—Salvadoran Foreign Minister Jose Manuel Pacas on 11 December expressed pessimism that a definitive peace agreement will be signed at the meeting that government and guerrilla delegates will begin in New York on 16 December.

"There are problems and difficulties which might require the direct intervention of the UN secretary general," Pacas said. He is in Honduras to attend the 11th Central American Presidential Summit that will begin on 12 December.

The diplomat told ACAN-EFE that "important progress was achieved" in the various rounds of negotiations with the guerrillas, but he warned that consensus is still needed to end the armed conflict that began in 1980.

Salvadoran Foreign Ministry advisers indicated that during the current peace process, the participants discussed key questions in which no agreement was reached. These issues included the reduction of the Armed Forces, the reorganization of the police, and the guerrillas' political future.

Nevertheless, Pacas commented that in the current phase of the negotiations, there is no room for "condemnations and recrimination, but for efforts to obtain peace."

The Salvadoran conflict is one of the points to be addressed by the leaders of Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, and Belize in their meetings on 12 and 13 December. They are expected to issue a resolution supporting the negotiations.

## FMLN Views Upcoming New York Peace Talks

*PA1212020991 San Salvador Radio Cadena YSU in Spanish 1200 GMT 11 Dec 91*

[Telephone interview with Roberto Canas, representative of the Farabundo Marti National Liberation Front, FMLN, in San Miguel de Allende, Mexico, by unidentified reporter in San Salvador—live]

[Text] [Reporter] The round of peace talks that began in early November in Mexico concluded late on the night of 10 December in San Miguel de Allende, Mexico. We are now going to speak with Roberto Canas of the FMLN [Farabundo Marti National Liberation Front] delegation so he can tell us about the discussions in San Miguel de Allende and about the agreements included in the document that has reportedly been prepared for New York, where the issue of a cease-fire will also be addressed. Good morning, go ahead.

[Canas] Greetings to all the Radio Cadena YSU listeners. I want to tell you that a round of negotiations ended in San Miguel de Allende on the night of 10 December. In this meeting, we have been able to resolve a number of substantial problems in the agenda. We have also been able to smooth the way so we can go to the New York meeting with the still unresolved points in the agenda clearly identified and isolated. This will help the decisions that need to be made in New York regarding the national civilian police, the reduction of the Armed Forces, the FMLN's political participation, and socioeconomic issues. The cards are on the table regarding these points. We already know what these points encompass. We will go to New York to seek a definitive cease-fire agreement and an end to the war that will be satisfactory for everyone. We would still have to discuss the timetable for implementation and the details of the cease-fire.

[Reporter] Can it be said that 95 percent of the negotiation process has been concluded?

[Canas] I would not dare give specific percentages such as you mentioned. I would say that this is definitely the last phase of negotiations about a war that is more than 11 years old. This is not easy; it is very complex. We have advanced in smoothing the way. We have advanced by identifying the points on which there is no agreement, but we still have a long way to go. We have to consider the number of days still left in the year and the political willingness to sign agreements. If you view the number of topics still to be approved and the time left, it would seem that it would be very hard to reach an agreement. The decisive aspect is the relationship between the number of topics still be to discussed, the real political desire to reach agreement, and the time left. The fundamental factor in all of this is the political will. We have total political willingness to reach an agreement. I want to tell all Radio Cadena YSU listeners that the only way out for the negotiations is to move forward. What do I mean by this? I mean that the only way out is that we

reach a satisfactory agreement that will guarantee that the causes of the war will be eliminated.

[Reporter] Are the two sides making any predictions about the date when consensus might be reached, even though you point out that much is still pending?

[Canas] Beginning on 16 December, we are going to hold lengthy meetings in which every effort will be made to reach agreement. One would have to have a crystal ball to give a date for an agreement. Nevertheless, I would venture to say that our initial intention is to reach this agreement before 24 December. But we will see what policy the government will bring and how active the participation of the friendly countries and of the United States will be. We will be at the UN headquarters, but also in the United States. The United States will surely play an important role so that an agreement will be reached. It will do so along with Colombia, Venezuela, Mexico, and Spain, which are the countries that have most closely followed this negotiation process.

[Reporter] Regarding the signing of the final agreement, even though you will be in New York, will you bring the final document to San Salvador to be signed?

[Canas] I honestly tell you that the desire of the FMLN is that once we have this agreement, which will establish a new legal and institutional framework in the country, we will go to San Salvador to sign the agreement in a great ceremony of national reconciliation looking toward the future and the possibilities open to our country. We would like the signing of the agreement, which will end this conflict, to be held in San Salvador. That is our aspiration. You can be sure that this will be our proposal. We tell the Salvadorans that they should remain attentive because this is the last phase of the negotiations. We are getting our suitcases ready to go to Mexico City and from there to travel to New York to be there on 15 December, ready to make every effort to sign an agreement.

[Reporter] Thank you for your report on the round of negotiations in San Miguel de Allende. It is unquestionable that everyone's attention will be turned to UN headquarters in New York beginning 15 December and for the resumption of the talks.

## Guatemala

### Six Soldiers Die in Guerrilla Ambush

*PA1112232591 Panama City ACAN in Spanish 1751 GMT 11 Dec 91*

[Text] Guatemala City, 11 Dec (ACAN-EFE)—At least six soldiers were killed and 12 others were wounded during a guerrilla ambush in the jurisdiction of Pajapita, 222 km northwest of Guatemala City.

The local press reported that an insurgent group occupied Radio Frontera on the morning of 11 December, and later ambushed the military patrol.

A military spokesman confirmed the clashes to ACAN-EFE, but he clarified that there are no reports on casualties as yet. He added that the Army is pursuing the rebels.

### Diplomatic Relations Established With Jamaica

*PA1212043591 Panama City ACAN in Spanish 2305 GMT 11 Dec 91*

[Text] Guatemala City, 11 Dec (ACAN-EFE)—On 11 December, Guatemala and Jamaica established diplomatic relations when representatives from both countries signed an agreement at UN headquarters, the Guatemalan Foreign Ministry has reported.

With the agreement signed by the ambassadors of Guatemala and Jamaica before the United Nations, Francisco Villagran and Herbert Kalker, respectively, this Central American country will have more access to the Caribbean market, the source stressed.

In accordance with the protocol of diplomatic relations, the ambassadors from both countries will be appointed at a later date.

### Correction to Serrano Names Defense Minister

*PA0912215391*

The following correction pertains to the item headlined "Serrano Names Defense Minister, Chief of Staff," published in the 9 December Latin American DAILY REPORT, page 20:

Column one, first paragraph, only sentence make read: General Jose Domingo Garcia Samayoa was sworn in...(correcting name).

Same column, paragraph two, only sentence make read: Garcia Samayoa replaces Division General...(correcting name).

Same column, paragraph three, only sentence make read...that of General Edgar Augusto Godoy Gaitan, Army chief of staff, who was removed from his post and replaced by General Jorge Roberto Perusina Rivera. (correcting names and title).

## Nicaragua

### D. Ortega Ruled 'Rightful' Member of Parlacen

*PA1112175291 Managua Radio Sandino in Spanish 1200 GMT 10 Dec 91*

[Text] Dr. Mariano Fiallos Oyanguren, president of the Supreme Electoral Council, said on 9 December that former President Daniel Ortega and former Vice President Sergio Ramirez are rightful deputies of the Central American Parliament [Parlacen], according to the basic agreement of Parlacen.

The statement was submitted to Dr. Fernando Zelaya Rojas, first secretary of the National Assembly, in

response to a query by UNO [National Opposition Union] deputy Dr. Edmundo Castillo Ramirez, who several weeks ago questioned the Parlacen membership of Ortega and Ramirez.

The letter from Fiallos states that, according to the basic agreement of Parlacen, the presidents, vice presidents, and appointed presidents of each Central American nation automatically become members of Parlacen after their term in office expires.

### * Ortega's Surrender of Immunity Praised

### * People's Militia Defended

*92CA0041A Managua EL NUEVO DIARIO in Spanish 9 Nov 91 p 4*

[Unattributed Commentary: "The Accusers Shall Be Accused"]

[Text] Former President Daniel Ortega's surrender of his immunity is a bold and intelligent step that turns his accusers into the accused.

How can the very persons who only yesterday were charged and convicted by the people accuse anyone? On what moral grounds does a Mejia Ubilla set himself up as the accuser of a man who was persecuted, tortured, and jailed by a murderous regime, one of whose most "worthy representatives" was Ubilla himself?

Only the generosity of the revolution made it possible for these accomplices of the assassins of thousands of Nicaraguans to be free to plan new crimes when they should be in jail!

The clownish accuser engages in all manner of gymnastics and resorts to sophistries to arrive at far-fetched conclusions and achieve his evil purposes.

Daniel's words about reviving the People's Militias are his response to the threat made by Arnoldo Aleman and other reactionary officials to organize paramilitary corps like the sadly notorious AMROCS [Association of Retired Somozist Soldiers] for the purpose of repressing and murdering those opposed to the full restoration of Somozism condemned by our nation's constitution.

If there are no AMROCS, there will be no People's Militias. That is how Daniel Ortega's words are to be interpreted.

Furthermore, it is only too obvious that the "arguments" wielded by the Somozists are a carbon copy of those once lavished on the Sandinists and anyone else opposed to the dictatorship, whatever their political stripe.

A political trial of Daniel will be staged, but the judge will be the people and once again, those convicted will be the very ones who fled the country in '79, their pockets stuffed with the money they stole from the people, leaving the country one huge graveyard.

These recidivists deserve, not the 30 years they want to mete out to former President Ortega, but life imprisonment at the very least.

### * Somozism Must Be Stopped

*92CA0041B Managua BARRICADA in Spanish 9 Nov 91 p 3*

[Unattributed Commentary: "Isolate Extremism"]

[Text] Former President Daniel Ortega's decision to challenge the Somozists openly by surrendering his parliamentary immunity and face charges leveled by Liberal deputies has exposed who is behind political confrontation reigning in the country.

With the complicity and applause of other reactionary sectors of the UNO [National Opposition Union], Mayor Aleman and Deputies Mejia Ubilla and Frech tried to ambush Sandinism in the National Assembly using the trumped up charge of excesses. However, Daniel's decision has foiled a sterile confrontation that few wanted and sent the ball back into the court of the extremists by putting them in the dock.

Aleman's followers have been virtually isolated in the National Assembly, without any other voices to second him. Once the prosecutors, they have automatically become the indicted now that the political trial is no longer channeled against Daniel Ortega, but focused instead on those who would back the return of Somozism.

If they are bent upon continuing the brazen attempt to haul Daniel before the courts for the alleged crime of issuing political opinions, asking for a 30-year sentence, then they would be exposed to society for what they truly are: the heirs of Somozism's long night of torture and repression.

Indeed, what is actually being debated in Nicaragua is not the legitimate right of Sandinism and its leaders to a place in the democratic life of the country, but rather, the attempt of others to restore Somozism, in flagrant violation of the constitution. This is what is truly absurd and anachronistic and it cannot be accepted by the country's democratic forces.

In an act of courage almost without precedent in national politics, by surrendering his immunity, Ortega is putting himself personally at risk in order to draw the attention of the national conscience to a serious problem that concerns us all, without distinction as to political affiliation or ideological tendencies. Somozism has not been totally eradicated from Nicaragua.

Preventing it from taking root must remain an essential premise for laying the foundations for political depolarization. If Somozism is tolerated, stability and democracy will never exist because they will simply be sowing the seed of their own destruction. This concerns, not only the Sandinists, but the government and its promises of national reconciliation as well, businessmen who want

a suitable climate for producing and investing, political parties that want to compete fairly in the democratic game.

To give up the minimum anti-Somozist consensus is to give the green light to a confrontation that would indeed push the country irreversibly to the brink.

### Government Communique on CIAV-OAS Charges

*PA1212022091 Managua Radio Nicaragua Network in Spanish 1815 GMT 6 Dec 91*

[Communique issued by Government Ministry Public and International Relations Office in Managua on 6 December]

[Text] Regarding the 5 December CIAV-OAS [OAS International Commission of Support and Verification] public charges on harassment, threats, attacks with war weapons, and diplomatic immunity violations suffered by its officials and its possessions and real estate, the Government Ministry states the following to Nicaraguan citizens:

1. There are still people and sectors in this country that do not value the work done by the CIAV-OAS members at the request of the Central American presidents. This attitude works against the country's stability.

2. Despite the existence of irregular groups in certain areas in the country, we have arrested the masterminds of the mentioned events and they have been sent to the corresponding authorities.

3. Some of the reported criminal events have not been cleared up because we have been unable to identify the people who conducted the crimes.

4. The Government Ministry will redouble its efforts to ensure the security of the CIAV-OAS officials and possessions. We publicly recognize the meritorious work done by this office as it has contributed to the detente that has allowed us to reach solutions through dialogue. The CIAV-OAS efforts in the support and verification of the demobilization and repatriation process for the former Nicaraguan Resistance is also highly commendable.

[Issued] Managua, 6 December 1991.
Public and International Relations Office
Government Ministry

### * Government Policies, Labor Conflicts Discussed

*92CA0046D Managua BARRICADA in Spanish 8 Nov 91 p 3*

[Commentary by FNT legal adviser, Adrian Meza Soza]

[Text] There is a lot of talk about the need for dialogue. Politicians on all sides call for a negotiated solution to work out labor disputes. But these positions run the risk of remaining just good intentions if some essential aspects with a profund impact on the outbreak of labor violence are not dealt with seriously.

The government has the power to apply the short-, mid- or long-term steps or solutions it considers appropriate for the nation's economic situation. In a formal democracy in which we accept the rules of the game for better or for worse, the government has the right to govern.

Nevertheless, when an economic program produces as its social outcome the sinking of vast masses of the people into intolerable conditions of misery and impoverishment, we do not have to wait long for the consequences, and the ruling classes can not simply shut their eyes to the social realities their program has created.

What is the use of an economic program that manages to contain inflation if the cost paid is that 50 percent of the people in the labor force are forced into unemployment?

What is the importance of reducing government spending if people are now dying in our hospitals because of an absolute lack of medications and equipment?

What is the use of our once again becoming "eligible for international credit" because we are in compliance with the IMF's prescriptions, if that does not benefit our people?

Hunger is the worst enemy of social stability, and mathematics cannot always express the human tragedy caused by an economic program's "adjustments" which in technical terms may be reasonable, but which are a social time bomb threatening everyone.

Without social justice there is no economic development. Sooner or later misery and desperation will lead to social violence if the vital needs of the masses of the people can not be met. A responsible government must not forget this.

#### Revision of Legal Procedures

The workers are often blamed for not using legal procedures to express their demands. People call their strikes "illegal," and say they do not comply with the appropriate procedures. But this statement overlooks two facts: a) Current labor legislation contains such cumbersome and complicated procedures for dealing with labor disputes that it is practically impossible to comply with the requisites for a "legal" strike; and b) acting through its political labor organ, the government has twisted these procedures in its favor, in a regrettable display of manifest partiality toward employers.

In more than 50 cases of petitions submitted during a one-year period, the Mitrab [Ministry of Labor] has been prevented from setting up a Reconciliation Board and appointing a Strike Magistrate, thus in fact paralyzing the legal procedures. This is the old game in which, if the procedure is not used you are condemned, and if it is used, hidden obstacles are set up to block your way. The

government's maneuvers do not settle the conflict; the only thing they do accomplish is to build up tensions until they finally explode.

Moreover, the snail's pace of the judicial procedure also works against a court settlement of disputes. The time periods allowed for handling "amparos" or settling labor cases are so long that in practice they try the patience of the parties involved.

This problem of a technical legal nature also affects labor violence, and we cannot wait for a new Labor Code to be promulgated to deal with this issue and solve the problem. The government has legal mechanisms for establishing flexible labor procedural standards which could temporarily settle these issues quickly, while waiting for thorough reforms of our labor legislation covering strikes and labor disputes. We cannot wait too long for this.

**Noncompliance With Agreements, a Detonator**

Another factor which has had a direct impact on labor violence is the government's repeated noncompliance with agreements it has signed with the workers on one issue or another.

The government's ploy to "gain time" in resolving social conflicts, hoping that the workers will get tired after filing claim after claim, has rebounded against its own credibility.

Of course the Nicaraguan Government has recovered its "credit worthy" rating, based on the unilateral concessions it made to the IMF, and this is presented by government spokespersons as one of its finest achievements. However, everyone knows that the conditions imposed by the IMF include harsh cutbacks in popular achievements and social gains of great value.

The government decided to place all its bets on the international banking community, and now it is left without any "political credit" with its own people. Now it is paying the price of its choice. Confidence has faded away throughout all these months of conciliatory government rhetoric contrasting with its pattern of confrontation and broken promises.

For this reason the accumulated tensions are now starting to erupt violently, with no possibility of arranging new truces or delays. The only way left now is to actually keep—and without further delay—the commitments that have been put off too long.

**Repression Generates More Violence**

When the government repression began to attack the unions, the workers responded by throwing stones to defend themselves. On 6 Nov EL NUEVO DIARIO published two photos illustrating the current situation: two policemen were shown kicking a worker on the ground, while in another picture a worker took aim with a homemade mortar, shooting at police patrols. We have gone from stones to mortars. The government's violence engenders violence by the people. This escalation must be stopped by responsible action.

The government says it uses public force to maintain "public order" and to evict people from the factories or institutions taken over by the workers. But the Olof Palme workers were attacked six blocks from their workplace, and the E. Chamorro workers who were attacked on 15 October were also outside the factory buildings.

Moreover, the government cannot deny that the repression has been excessive: unnecessary beatings, breaking into houses, attacks on neighbors and residents of work areas: in all, an abusive use of force with obvious excesses going beyond the legal mandate of the police. The steady institutionalization of governmental represssion now includes a policy of selective repression aimed at union leaders of the FNT [National Federation of Workers] (the case of German Pomares Mill).

The government appears to believe—mistakenly—that institutional violence may still the people's demands. It is dangerously forgetting that downtrodden social classes in Nicaragua have lengthy experience in the organization and qualititive development of their own violence to defend themselves when they are attacked.

Without attempting to justify individual excesses, violence is only an effect and expression of cumulative social tensions. The best way to resolve it is not to use antiriot troops but to deal with the indepth causes motivating it. Violence and threats do not solve, but only worsen, the critical situation we are facing.

In conclusion, we need to point out that in our nation's socioeconomic crisis, the masses of our people have gone well beyond the political parties.

For this reason, agreements or joint statements of intentions which may be issued to contain social violence will go unheeded unless they are accompanied by concrete responses to the people's material needs. The possibility of discourse has been worn out. The workers now demand realities.

The government cannot claim to be on an equal footing with other sectors in the effort to contain social and labor violence. The government has the instruments of institutional power to give the social response needed; therefore, it certainly bears the greatest responsibility for achieving the common objective of stability.

For the nation's good, it is to be hoped that the government will correct its behavior in time, so that it can ask others to behave in ways appropriate to the effort it is itself displaying.

### Policemen's Social Benefits Reportedly Cut

*PA1212041991 Managua Radio Sandino in Spanish 1200 GMT 7 Dec 91*

[Text] On 6 December, Government Minister Carlos Hurtado ordered the definitive suspension of all social benefits enjoyed by policemen throughout the country; including the rice, beans, and sugar package and personal loans.

Several policemen said that Hurtado sealed his decision in a letter that he revealed only to regional leaders to prevent this news from being leaked.

Hurtado's decision includes a drastic cut in fuel expenditures for country's police units, assigning only five gallons of gasoline to each routine patrol. This will help criminals operate more freely.

Policemen face difficulties in searching for another job because of the nature of their work and the amount of time they must spend in their respective units.

## Panama

### U.S. Servicemen Arrested by Panamanian Police

*PA1212153891 Panama City ACAN in Spanish 1215 GMT 12 Dec 91*

[Text] Panama, 12 Dec (ACAN-EFE)—A national police spokesman disclosed today that approximately 20 allegedly intoxicated U.S. servicemen were involved in a fistfight and disorderly conduct early on the morning of 12 December in a Panama City discotheque. According to reports, Panamanian policemen were forced to arrest two of the U.S. servicemen.

Witnesses told ACAN-EFE that the U.S. soldiers first started fighting among themselves. Afterward they attacked a private security guard, who was forced to draw his gun in order to restrain the attackers. Several windows of the "My Place" discotheque were broken during the incident.

"My Place" discotheque was the site of a bomb attack carried out by unknown persons in January 1990 that killed one U.S. citizen and injured 10 Panamanians.

According to witnesses, when the brawl began to get out of control at least five Panamanian police patrol cars with 20 policemen had to cordon off the area to avoid further damage. They were also forced to subdue and arrest two U.S. servicemen, who continued to shout insults and provocations.

Military police from the nearby U.S. military base were contacted and two patrol cars were sent to the area.

According to a police source, Panamanian authorities from the San Francisco Police Station subsequently turned over the arrested servicemen to the U.S. Southern Command military police. The U.S. Southern Command has at least 10,000 servicemen stationed in Panama.

### Official Charged With Selling Visas to Cubans

*PA1012184591 Panama City EL PANAMA AMERICA in Spanish 10 Dec 91 p 1*

[Article by Eduardo Soto P.]

[Text] Panama has once again become a transit point for Cubans attempting to immigrate to the United States and for which they are charged excessive amounts of money, according to accusations presented to EL PANAMA AMERICA by a spokesperson of the Miami-based Cuban-American Foundation.

According to Clara del Valle, a member of the aforementioned organization, approximately 200 Cubans have arrived in the past three months after paying $1,500 to $2,000 per transit visa.

During the past military regime, numerous Panamanian authorities and lawyers profited from the Cuban "business," to the extent that Roberto Diaz Herrera, former head of the general staff of the defunct Panama Defense Force, confessed in 1987 that part of his fortune came from the sale of visas to Cuban citizens.

At the beginning of this administration, when Jose Chen Barria was Immigration Director, he presented a formal accusation on the trafficking of the Panamanian nationality. This case is currently being investigated in the District Attorney's office.

"Unfortunately the trafficking of Cubans between Cuba and Panama has resumed," said Mrs. Del Valle, who denied that the foundation to which she belongs can do anything to get the 200 Cubans out of Panama.

"We do not know what we are going to do, because our program has closed down; we thought that this practice had been eliminated," Mrs. Del Valle said.

According to Del Valle—who made these statements to EL PANAMA AMERICA over the telephone from Miami—an "official authority" is giving out these visas.

We were not able to contact Panamanian Consul in Cuba Elba Maria Anzuategui to assess the current situation.

According to the information received, the practice was discovered in Miami when the relatives of the immigrants complained to the Cuban-American Foundation about the high cost of the transmit visas being "sold" by Panamanian officials.

Nevertheless, no one wants to make a formal accusation because "it is better to be anywhere than to put up with Castro's communist hell," Clara del Valle noted.

Unfortunately, "it hurts to see that they are profiting from the misfortune of others," Mrs. Del Vale stressed.

Previously, Cubans who arrived with transit visas remained in Panama from two to three years—without permission to legally work—depending directly on their relatives in Miami, who have had to resort to their influence within the government structure to bring their relatives to the Unites States.

### Official Denies Charges

*PA1112195191 Panama City Radio KW Continente in Spanish 1214 GMT 11 Dec 91*

[Text] In response to reports out of Miami by Clara del Valle, president of the Cuban-American Association, about the illegal issuing of visas to and the alleged arrival in Panama of at least 200 Cubans in transit to the United States, Immigration Director Antonio Dominguez has said that Mrs. del Valle has not presented any evidence.

[Begin Dominguez recording] She presented a complaint to Panamanian Vice President Guillermo Ford two weeks ago. So far, however, Ford has handed to me no document containing this complaint. He has not even telephoned me about Del Valle's report. I heard over the radio, however, that she had said that she had the evidence, but without the names of the people involved. How can she say that she has evidence if she does not have any names? As for what she says, I have not had the time even to go out of this office since I took charge. So, I have not gone out to peddle visas. Maybe someone came, tried to buy visas, and apparently was thwarted in his attempt. [end recording]

He also said this concerning a person who has been detained:

[Begin Dominguez recording] I can tell you, however, that a person is being held by the Technical Judicial Police. This person accompanied one of the Cuban individuals who allegedly tried to get a visa in Panama with documents forged in Costa Rica. This is why he is in prison. [end recording]

With regard to the movement of Cubans to and from Panama, he said that it is normal.

[Begin recording] [Dominguez] This movement is normal. You know that Panama exports to Cuba through the Colon Free Zone. These sales, however, have been quite limited lately. As for the visas, a moderate number have been requested for in-transit travelers to the Dominican Republic and Venezuela. Very few visas have been requested for staying in Panama, however.

[Reporter] Del Valle mentions a specific figure, 200 people. Are there any records of this number of Cuban people staying in Panama, but who were supposed to be in transit from Cuba?

[Dominguez] I do not think so. As I said, the entry of aliens into Panama is recorded in a computer. It is easy to check those figures, which are true. Things are done differently now than in the past. Everything is clear and recorded and cannot be erased just like that. [end recording]

Finally, it was reported yesterday that the Immigration Directorate will suspend all visas for Cubans who want to come to Panama.

### Endara Reportedly Plans Cabinet Changes

*PA1112181191 Panama City EL SIGLO in Spanish 7 Dec 91 p 8*

[Report by Aneldo Arosemena]

[Text] According to information given to EL SIGLO by a top government source, who requested that his name not be disclosed, President Guillermo Endara plans to make cabinet changes that will strengthen the position of the Authentic Liberal Party [PLA] in the government. The changes would be the first major cabinet changes in the 24 months Endara has been at the helm of the country.

According to the information received from the Palace of the Herons, there will be changes in the Foreign Ministry next year. Foreign Minister Julio Linares, who belongs to the Molirena [Nationalist Liberal Republican Movement] Party, will return to his legal practice and will be replaced by PLA member Cesar Pereira Burgos, who is the current Panamanian ambassador to the United Nations.

Labor Minister Jorge Ruben Rosas, who is a Molirena legislator, will leave his post to return to the National Assembly. It is worth mentioning that Rosas has never entered the Assembly since the current government was installed. President Endara appointed him as labor minister from the beginning of his administration. Rosas was also a Molirena legislator from 1984 to 1989.

Commerce and Industries Minister Roberto Alfaro, who replaced Juan Chevalier (Arnulfist Party) at this ministry, will return to practicing law. His replacement is still not known. Agricultural Development Minister Ezequiel Rodriguez, aka Chichilingo, will be appointed to a diplomatic post in Mexico and his replacement is still undetermined.

Among the changes that are scheduled to take place before 15 January 1992, three deputy ministers will be removed from their posts but will probably be transferred to other positions in the government.

The cabinet changes are meant to strengthen and support the PLA's position in government. Joaquin Franco, one of the most conspicuous PLA leaders and a current ad honorem government adviser, is apparently the author of these changes.

The first major change in the Guillermo Endara administration was made when he "threw out" the Christian Democratic Party [PDC] from government in April. This change caused two legislators, who were occupying

the posts of minister and mayor, to return to their position as legislators. Other green star [symbol of PDC party] personalities left the government at the time and their positions were filled by Arnulfist, Molirena, and, to a lesser degree, PLA members. Apparently, PLA is the party that stands to benefit the most from this round of changes that is scheduled to occur in the first fifteen days of 1992.

## Attorney General Claims Budget Slows Justice

*PA0612191291 Panama City Telemetro Television Network in Spanish 1730 GMT 4 Dec 91*

[Text] On 4 December the Attorney General's Office will justify a $24 million budget to the Legislative Assembly's Budget Commission, although the executive branch has earmarked only $12 million for the office. The attorney general claims that justice is slow in this country because the system lacks an adequate budget. As a result, 90 percent of the detained persons in Panama have not been tried. The following are statements made by Attorney General Cruz.

[Begin recording] [Cruz] I would say that the budget is a determining factor, although it is not the sole factor, in the justice system's sluggishness. The justice in Panama is certainly not as efficient as we would like it to be.

[Reporter] What other factors could be mentioned?

[Cruz] There are legislative problems. I believe that Panama lacks an abridged penal process that in certain circumstances could be used instead of the regular penal process, which, as a rule, is slow. Meanwhile, it is also necessary for the Legislative Assembly to establish more courts of justice, which would mean a larger budget. It is useless to establish new courts if there are no funds to operate them efficiently. There are also other factors, such as better training of authorities who administer justice, of officials in the Attorney General's Office, and of lawyers in general. Another budget issue is the fact that, although this administration has been in power for two years, the judicial branch and the Attorney General's Office still have not been able to establish a judicial school because they do not have the funds. [end recording]

Attorney General Rogelio Cruz also mentioned the suit filed by Rodrigo Arosemena, director of the General Customs Directorate, against legislator Miguel Bush.

[Begin Cruz recording] We are going to begin the summary proceedings. If we find that there are grounds to charge the legislator, we would then investigate whether he has legislative immunity. If this is the case, we would then ask the Legislative Assembly to lift his immunity. If he does not have immunity, we would investigate him because he would be considered a regular citizen with no privileges. That is the procedure to follow. [end recording]

## Attorney General Responds to Criticism of System

*PA1112172091 Panama City EL PANAMA AMERICA in Spanish 9 Dec 91 p 1*

[Article by Juan M. Diaz]

[Text] Attorney General Rogelio Cruz said that justice done on a push-and-shove basis or hastily done violates human rights as much as that which drags its feet. Cruz made these statements in reference to the constant criticism made of the country's administration of justice.

Cruz pointed out that there are many elements that contribute to Panamanian justice, which is not progressing as it should, but both the Supreme Court and the Attorney General's Office have contributed toward a greater acceleration of criminal proceedings despite the great volume of cases being processed.

He pointed out that among the most serious deficiencies that adversely affect the administration of justice is the small budget allocated to them by the executive branch. He said that the judicial branch ranks fifth in the country's general budget.

Cruz said that the deficient training of lawyers is also a factor that prevents justice from being efficiently administered. He added that there are a series of obsolete legal procedures that obstruct and delay the actions of judges and prosecutors.

The Catholic Church recently criticized the institutions in charge of the administration of justice in the country by pointing out that there are thousands of persons with unresolved cases in prisons and courts. It also pointed out the need to evaluate the justice system to determine if it contributes toward making the Panamanian man a useful individual for society.

## Supreme Court President on Justice System

*PA0912205691 Panama City LA PRENSA in Spanish 7 Dec 91 p 1*

[Report by Jose Quintero De Leon]

[Text] Supreme Court President Carlos Lucas Lopez has said that justice in Panama "has always been slow and late" and that every Panamanian has become accustomed to live with "this chronic" illness."

"Perhaps the reason for this situation is that the fateful consequences almost exclusively have affected the poorer classes who have had no access to the media," added Lopez.

Lopez made these statements at a news conference to explain the situation in the justice system following recent criticism by the Catholic Church.

He stressed that justice today is more independent and impartial, but it still drags the heavy burden of 20 years of political manipulation and an indifference that seems to be a Panamanian idiosyncrasy.

Lopez said that the procedural reforms that have expedited justice, the introduction of a law school, and professional training that guarantees better judges, will allow the system to overcome its deficiencies and win the people's confidence.

He added that the justice system's imperfections now affect a political class with access to the media and with a capacity to defend itself, not only with legal resources but with political action as well.

Referring to the reasons for the inefficiency, Lopez mentioned the greater availability of justice, caused in part by an increase in commercial activities; a lack of funds to modernize the system; and excessive "litigiousness" caused by a mistaken professional attitude.

Regarding the Catholic Church's criticism that justice is too slow, Lopez said that the sector is facing criticism because of a generalized "dissension" crisis.

"I believe that the church is also facing criticism; one only needs to watch the growing number of religious sects here to see that," Lopez said. Nevertheless, Lopez recognized the important role the church has played in the struggle for justice.

## Papa Egoro Movement Manifesto Explains Goals

*PA0612230691 Panama City LA PRENSA in Spanish 5 Dec 91 p 10A*

[Manifesto to the country issued by Papa Egoro Movement—date and place not given]

[Text] The party is called the Papa Egoro Movement. The word movement implies unity of purpose, direction, and action.

Papa Egoro means Mother Earth, and it is used to honor the earth that witnessed our birth. We have used the Embere Indian language in honor of the forgotten Panamanian Indian who represents our real roots.

The Papa Egoro Movement will struggle at all costs—and with specific and effective methods—for the needs of the people, and to offset the frustrations and deceptions of those who have seen their hopes become a mockery, despite their fight for better times in our country.

Party registration will be announced soon. The party, however, has begun campaigning in all areas of the country.

This party opens its doors to all Panamanians. Its only requirement is the willingness to assume civic duties and responsibilities. Our sole weapons will be sincerity, willpower, honesty, and love for our country.

The people can no longer tolerate the politics that are presently being put into practice in Panama. They do not interest us. We have a sincere and redeeming ideal, which we will uphold and for which we will struggle. This ideal will expand and spread until it becomes the will of the Panamanian people. This is our political ideal. Some do not understand it. This is politics in a historical context, as a social phenomenon, as a need, as a last recourse in the face of desperate circumstances, which traditional Panamanian politicians do not and will not be able to control.

Our principles do not allow us to continue as passive spectators while our Panama heads towards a tragic end.

As Panamanians, it is our duty to take action against this situation. And we will do so.

We can all work for Panama.
Ruben Blades, president
Edwin Gonzalez, first vice president
Brook Alfaro, second vice president
Gonzalo Moncada Luna, secretary general

## PRD Members Demand Leadership Changes

*PA1112044591 Panama City LA PRENSA in Spanish 6 Dec 91 p 44a*

[Article by Irene Hernandez G.]

[Text] During a news conference, leaders of the rank and file of the Democratic Revolutionary Party [PRD] have requested the removal of the party's National Executive Committee (CEN), described the PRD leadership as "servile," and accused it of hindering party development.

PRD members Aquiles Rodriguez and Ignacio Occhi said that there is currently a clear distancing between the rank and file and the leadership of that political organization, which they described as a "body without a head."

Rodriguez said that "the various fronts of the masses agreed that although the party is not anarchical, its leadership displays a degree of servilism that has hindered the party's development."

The informants claim that there is nearly full nationwide support for a "complete" change within the PRD's CEN because current leaders are applying all kinds of "delay tactics" to cling to their positions.

Rodriguez, who is coordinator of the PRD Professionals Front, stated that there is a "desire to hold a National Congress and to change the national directorate and the CEN."

Occhi believes that the congress is being manipulated from the middle, because they are "handpicking leaders to perpetuate themselves in party leadership positions."

He added that "no elections have been held, in fact, the names of future congress delegates, who will manipulate the party, are already known."

Informants said that "the CEN aims to use the party to protect its members' ill-gotten goods."

They pointed out that the PRD rank and file want new figures and professionals appointed to the CEN and other party leadership groups who have no links to the past.

The CEN is currently made up of Gerardo Gonzalez, president; Tomas Gabriel Altamirano Duque, vice president; Ernesto Perez Balladares, secretary general; Mitchell Doens, first secretary; and Francisco Sanchez Cardenas, second secretary. Rodriguez and Occhi requested the replacement of all five of them.

Rodriguez and Occhi's statements coincided with Damian Castillo's resignation from the party, who served during the Omar Torrijos administration as director of the Social Security Fund (1969-1971) and comptroller general (1971-1982).

Castillo said that the current position of PRD legislators and leaders of supporting certain articles of the amendments to the Social Security Law are totally opposed to the Torrijist doctrine.

Castillo added that the amendments that the Legislative Assembly are currently discussing are the same ones that the PRD tried to introduce in 1986.

### Leadership Urges Measures

*PA1112044891 Panama City LA ESTRELLA DE PANAMA in Spanish 7 Dec 91 p A2*

[Text] The National Executive Committee [CEN] of the Revolutionary Democratic Party (PRD) has requested its Ethics Supervisor Baltazar Renan Aizpurua to evaluate recent statements made by party members to determine if they conform to the principles and guidelines of the PRD political organization.

The memo forwarded to Ethics Supervisor Aizpurua by the PRD Executive Committee follows:

Panama, 6 December 1991
Memorandum
TO: Baltazar Renan Aizpurua
FROM: National Executive Committee
RE: CEN Agreement related to statements by some of its party members.

On the afternoon of 6 December, representatives of several PRD fronts held a meeting. The meeting was convened by Miguel A. Picard Ami, national secretariat coordinator.

After the meeting ended, Mr. Ignacio Occhi and Mr. Aquiles Rodriguez proceeded to make public statements against the PRD, its policy guidelines, and its CEN. As evidence, we attach a copy of the 6 December edition of LA PRENSA, which carries the statements. Not satisfied with the public comments, Mr. Rodriguez even had the audacity to claim duties he does not perform (Professionals Front Coordinator). Today these two gentlemen went to local radio stations to continue with their slanderous campaign against this party and its leadership.

By mutual agreement of the CEN members, as established in Article 84 of the Party Statutes, we hereby request the honorable ethics supervisor to give instructions to the Ethics and Discipline Tribunal to file false representation charges against Aquiles Rodriguez for claiming positions he does not hold and for conduct contrary to the best interest of the party.

Charges of false statements should also be filed against Ignacio Occhi for making false statements against the party congress, for disregarding party guidelines authorizing the CEN to organize the national congress approved by the national directorate on March 9, 1990, and for conduct contrary to the best interest of the party by playing into the hands of the PRD's enemies, (sufficient grounds for expulsion as specified in Article 86, paragraph a and d)

The CEN has concluded that it cannot continue tolerating the persistent "fifth columnists," who follow guidelines foreign to those established by PRD bodies such as its Political Commission, the CEN and the National Directorate. These persons consciously put all their efforts into the public destruction of a party that is trying to reconstruct itself through the commitment of its members.

[Signed] With our deepest respect,
Gerardo Gonzalez
Ernesto Perez Balladares
Tomas G. Altamirano Duque
Mitchel Doens
Francisco Sanchez Cardenas

### PRD Legislative Bloc on Political Persecution

*PA0812005091 Panama City LA ESTRELLA DE PANAMA in Spanish 5 Dec 91 p a4*

["Communique" issued by the legislative bloc of the Democratic Revolutionary Party, PRD, in Panama City on 27 November]

[Text] Communique:

Democratic Revolutionary Party [PRD] Legislative Bloc;

1. Our colleague Miguel Bush, the PRD legislator for Colon, was humiliated by custom agents at the exit of the Colon Free Zone on 27 November. Following the orders of Customs Director Rodrigo Arosemena, these agents attempted to search Bush's vehicle by force and threatened him with firearms, stating that their boss, Arosemena, had ordered them by telephone to shoot the legislator, if necessary, to comply with the order.

2. The Honorable Legislator Miguel Bush voluntarily opened his vehicle to show that he did not carry any illegal merchandise after he prevented the agents from violating his parliamentary immunity.

3. The aforementioned events are an open and flagrant violation of Article 205 of Law 49 of 1984, of Article

1235 of the Fiscal Code, and of the parliamentary immunity ordered by the Constitution, all of which do not allow custom agents to search the vehicles of Legislative Assembly members.

5. [Number as published] Although we know it is useless, because all the charges that have been presented against Rodrigo Arosemena have been shelved, our bloc will present criminal charges before the corresponding authorities since there will come a time in the future when justice will be done.

5. As is the custom of the trustee regime, the attacks against the PRD legislators continue. This can be corroborated with the cases of Honorable Legislator Elias Castillo, who has been unjustly in jail for the past 11 months; of Honorable Legislator Gerardo Gonzalez, the PRD president, whose house has been raided and who has suffered the theft of documents from his office on three occasions; of Honorable Legislator Abelardo Antonio, who was attacked [by agents] who also tried to search his vehicle on 15 November; and of all the slanted investigations that are being carried out by the Attorney General's Office against most of the actual and previous top and deputy PRD legislators.

7. [Number as published] The renewal of the political persecution against PRD legislators and members throughout the country takes place precisely because of our bloc's upright opposition against the atrocious laws the trustee regime has pledged to approve, as ordered by the international financial institutions (IFIS).

8. Through this communique we warn the authorities and we guarantee the citizens that we will not be intimidated by this action or by any other future action taken by the regime and that we will be opposed to the extent of our ability to all laws and bills that harm the interests of the people and the dignity of the Panamanian nation.

Signed in Panama City, 27 November 1991

Engineer Balbina Herrera Arauz, President of the Democratic Revolutionary Party faction at the Legislative Assembly.

## Tripartite Commission Created To Overcome Crisis

*PA0612200191 Panama City LA PRENSA in Spanish 5 Dec 91 p A-1*

[Report by Manuel Alvarez Cedeno]

[Text] On 4 December the government, private sector, and workers agreed to form a tripartite commission as the first step toward reaching a national agreement on how to overcome the country's socioeconomic crisis.

Political observers described this initiative as "important."

At the conclusion of the meeting, which was held at a local hotel, the three sectors issued a joint communique in which they pledged to "immediately initiate a concerted effort to solve the country's current problems."

Panama is experiencing a serious socioeconomic crisis that began in 1987. According to official figures, approximately 133,000 people are unemployed and 550,000 live in poverty, half of those in extreme poverty.

Labor Minister Jorge Rosas described the agreement as "an important step that has been taken because of the Panamanian speople's resolve to overcome the crisis."

The tripartite commission will be comprised of three principal delegates and three alternates from the government, the National Council of Organized Workers (CONATO), and the National Council of Private Enterprise (CONEP).

The delegates will meet for the first time on 19 December to present a proposal that will include a work agenda and a schedule of meetings.

The Tripartite Commission for a National Concerted Effort [Comision Tripartita de Concertacion Nacional, CTCN] has also requested legal status from the executive branch so its efforts will be fully supported.

Labor Minister Rosas said that the agreement "is enormously and profoundly significant: the confrontational phase has ended and the phase of mutual understanding based, of course, on the defense of interests has begun, but through dialogue."

Meanwhile, Jose Simiti from the CONATO, which has a membership of 80,000 private sector employees, said that the workers "will do everything to ensure that the concerted effort benefits the people and will demand that the government and businessmen do the same because the solution to the crisis calls for everyone's goodwill."

Simiti also said that the agreement is the beginning of a "historic process for the country."

CONEP President Eduardo Vallarino said that "henceforth, the Panamanian people will begin to stand together."

The businessman added that it pains him that so many people are living in poverty and extreme poverty and that many Panamanian children are suffering from malnutrition.

"This is very painful because it should not happen in Panama, a country that has the capability to succeed," he said.

The CTCN will prepare an agenda of topics for examination and will establish the rules for the national concerted effort.

The joint declaration signed on the evening of 4 December states that "the representatives of the labor, business, and government sectors hope that on this occasion they will be able to reach agreements that will

allow them to solve the serious economic and social problems that the country is experiencing."

The three sectors pledged to make every effort to guarantee a climate of mutual trust that will facilitate the development of this concerted effort.

Before the agreement was reached on 4 December, the Association of Panamanian Industrialists (SIP) and the Confederation of Workers of the Republic of Panama (CTRP), which are affiliated with the CONATO, had agreed on a work plan to help find ways to solve the country's socioeconomic crisis.

### Endara Comments on Unemployment, Economy, Amnesty

*PA0912221891 Panama City LA ESTRELLA DE PANAMA in Spanish 6 Dec 91 p A-1*

[Report by Emilio Sinclair]

[Text] President Guillermo Endara Galimany held his weekly news conference on 5 December and admitted that the national government's main problem is unemployment.

During his weekly meeting with the media, the president said he was optimistic about the improvement in the economy but admitted that the state has yet to achieve a reasonable decrease in the unemployment rate.

President Endara revealed that his administration signed 818 contracts between 1990 and 1991 for construction projects amounting almost $120 million.

"There is a lot of talk that the government has not done a thing," the president said when revealing the figures. According to his report, 128 contracts were signed in 1990 for investments amounting $15 million and 690 contracts were signed in 1991 for contracts amounting $103.5 million.

According to a press release: "The projects, which are included in the national budget or have the Agency for International Development's economic support, include the following: construction of schools, highways, health centers, and production roads; repair of roads; extension of sewer systems; construction of aqueducts; installation of latrines...."

The president reported that the Cabinet Council met on 4 December and agreed to instruct "government offices to make and maintain an inventory of the assets and real estate under their administration, or to report the same to the Finance and Treasury Ministry and the Comptroller General's Office." The inventory must be ready within a month.

Referring to the executive branch's possible amnesty or pardon for common and political prisoners aimed at a national reconciliation, President Endara said that the Legislative Assembly is responsible for amnesty while the executive branch is only authorized to grant a pardon. He added that conditions were not right for such a move.

The president said that he hopes the Catholic Church will "provide guidance on this issue."

### Former Canal Administrator on Modernization Plan

*PA1112195791 Panama City CRITICA LIBRE in Spanish 11 Dec 91 p 1a*

[Report by Roberto Cubilla]

[Text] Former Panama Canal administrator Fernando Manfredo has criticized the so-called National Plan for the Modernization of the Economy adopted by the national government, describing it as a collection of measures imposed by international financial organizations to guarantee payment of the foreign debt. Manfredo said that this strategy will not solve the country's basic problems.

Manfredo said: "The creation of sources of jobs, resolution of the health problem, a housing policy, and the promotion of policies that generate income and exploit natural resources are the measures that should be adopted in the country, and these are not included in the economic modernization strategy."

Manfredo said that the economic plan lacks strategies that truly address the Panamanian social debt. He suggested that a discussion be held at the highest level, with the participation of all sectors, to determine the measures that should be adopted, without imposing a plan devised by international banks.

Manfredo also proposed that the national plan give priority to policies that promote development. He said that there are various mechanisms that would allow refinancing the foreign debt without causing economic hardship for the Panamanian people.

The economist said on a radio program and again during a news conference that the country's main problem is unemployment and that no solution is provided in the national plan.

Finally, Manfredo reiterated that the so-called Development Plan is simply a bombastic name for measures that international financial institutions have imposed on the Panamanian Government. He urged the authorities to show more firmness and negotiating ability instead of accepting these impositions.

### Government To Privatize State-Owned Companies

*PA1212023891 Panama City LA ESTRELLA DE PANAMA in Spanish 11 Dec 91 pp 1, A2*

[Report by James Aparicio]

[Text] Guillermo Ford, second vice president and minister of planning and economic policy (MIPPE), said on

10 December that an important process of privatization of state-owned companies, beginning with the services provided by the ports of Balboa and Cristobal, will start in January of 1992.

Chiriqui Citrus Fruit Company, Bayano Cement Company, the Metropolitan Sanitation Directorate (DIMA), the telephone and commmunication services provided by INTEL [National Institute of Telecommunications], and the expansions to the IRHE [Institute of Water Resources and Electrification] and the IDAAN [National Water and Sanitation Institute] are the public companies and services that will be privatized.

According to Ford, the sale of the aforementioned companies will begin with the approval, in the next few days, of the "Privatization Bill."

Although Ford did not give details on the privatization of the ports, this information has been welcomed by the industrialists and businessmen involved in import and export activities at the Colon Free Zone.

On several occasions, the Maritime Chamber and the Association of Users of the Colon Free Zone (AUZLC) have reported thefts of containers at the ports of Balboa and Cristobal.

Ford explained that in the cases of the IRHE and IDAAN, the participation of the private sector will only be allowed in the expansion programs, the installation and reading of meters, security services, and vehicle repair.

Ford warned that the IRHE and IDAAN will be the only companies authorized to distribute electric energy and drinking water throughout the country.

Ford stated that 55 percent of the stock of INTEL will be sold. He added that the state will maintain the remaining 45 percent of stock, offering to sell company workers an unspecified percentage.

Ford predicted an estimated growth of 6.1 percent for this year and he anticipated a 7 percent sustained economic growth beginning in 1993.

The minister of planning and economic policy also said that the Council of Ministers approved the project to develop the Industrial Processing Zone of Isla Margarita (Colon) and Tocumen, which is being promoted and financed by the Republic of China, as of 1992.

Ford recognized, however, that although economic growth led to the recruitment of 52,000 new workers, unemployment is still the main concern of the government.

According to official figures, approximately 15 percent of the working population is unemployed.

Nonetheless, the opposition Confederation of Workers of the Republic of Panama (CTRP) has said that the unemployment rate is more than 41 percent of the working population.

Ford also predicted that the discussion to reform the 1972 Labor Code and the Housing Law, which for 20 years has maintained a freeze on rents, could begin in 1992.

## Argentina

### Minister on Next Installment of $240 Million Loan

*PY1212012491 Buenos Aires TELAM in Spanish 1732 GMT 11 Dec 91*

[Text] Buenos Aires, 11 Dec (TELAM)—Economy Minister Domingo Cavallo today reported that the disbursement of the second installment of the $240 million stand-by [preceding two words in English] loan for Argentina "will be discussed in the 20 December meeting." He also confirmed having signed the letter in which Argentina requested this disbursement.

Regarding talks with creditor banks' representatives, the minister explained that Argentina "is preparing a proposal that will be made known in the last week in January, when the negotiations will formally begin." He added that the proposal will be in keeping with the terms of the Brady Plan although, he said, "some parts of it will be original."

Cavallo added that the letter of intent signed a few hours before he returned to Argentina and a report by the IMF staff [preceding word in English] containing IMF Managing Director Michel Camdessus' recommendations will have to circulate among the IMF board members for a few days before being discussed in a formal meeting.

Cavallo explained to his advisers: "The IMF has routine meetings. There has been no special meeting to discuss the second disbursement of the stand-by [preceding two words in English] loan to Argentina. I do not know who spread the rumor about a special meeting being held yesterday. Whoever did it, does not know how the IMF board works," he added.

The minister said that he met informally with representatives of the creditor banks committee several times and that, together, they analyzed the state of Argentine debts and the possibilities of an overall reorganization of the debt. Cavallo added that the formal negotiation "will begin in the last week in January."

Cavallo; Richard Breeden, chairman of the U.S. Securities and Exchange Commission; and his Argentine counterpart, Martin Redrado, granted a news conference to national and foreign journalists.

Cavallo asserted that the goals the Argentine Government promised the IMF to achieve from October to December 1991 were not modified. He added, however, that in the letter he signed yesterday, he explained to the IMF about the funds that were collected by the social security system from July to September through the subscription made beforehand for the purchase of the former Entel [National Telecommunications Enterprise] shares.

Cavallo said that "for a short period of three months," the austral and the new peso probably will circulate simultaneously. He suggested asking precise details from Central Bank officials, who are in charge of coordinating the transition to the new Argentine currency.

Concluding, Cavallo referred to the increase in the price of the Highway 2 toll and denied that the increase will affect the economic stabilization program. He explained, however, that he would rather not comment on the issue because it was "a decision made by the provincial authorities."

Cavallo said: "The effect (the increase in the price of the toll will have on the inflation rate) is insignificant." He explained: "We would rather not see prices being increased, but if there are contracts that make it indispensable to increase prices because services have been improved, we cannot oppose the increase."

### Eighteen New Provincial Governors Sworn In

*PY1112233491 Buenos Aires BUENOS AIRES HERALD in English 11 Dec 91 p 11*

[Excerpts] (NA-DYN)—Seven governors were sworn in yesterday and 11 more will be sworn in between today and tomorrow, thus almost completing the renewal of provincial authorities.

The only provinces still lacking a governor are Corrientes and Tierra del Fuego, where the two main contenders in the December 1 polls will face a second round run-off on a date still to be set by the electoral authorities.

Yesterday Rio Negro, San Luis, Salta, Neuquen, San Juan, Catamarca and Santa Cruz joined La Rioja in renewing authorities for the third four-year period since the return of democracy in 1983.

President Carlos Menem presided over the ceremony in which his friend Bernabe Arnaudo was sworn in as La Rioja governor late on Monday night. Yesterday provisional Senate President Eduardo Menem attended the ceremony where independent businessman Jorge Escobar became governor of San Juan. [passage omitted]

Retired Navy Captain Roberto Ulloa, the former military governor of Salta who was elected to govern the province now under a democratic regime, said that the province "is bankrupt" but promised to work hard to "get out of this crisis." [passage omitted]

In Catamarca, Radical Arnoldo Castillo promised to "rebuild the basic ethical framework in order to normalize political activities and administrative practices in the province." Castillo, representing a coalition of Radicals, dissident Peronists and independents called Civic and Social Front, won against the traditional provincial strongman Ramon Saadi.

On his part, incoming Santa Cruz Governor Nestor Kirchner described the situation in his province as "a crisis at its terminal stages." [passage omitted]

In Rio Negro, Radical Horacio Massaccesi started his second consecutive term in office. [passage omitted]

While Jorge Sobish became the third consecutive Neuquen Popular Movement leader to head the province, Adolfo Rodriguez Saa (Justicialist) started his third term in San Luis, a province which, he said, is "no longer poor but in the midst of a broad development process." [passage omitted]

The governors taking office today are Carlos Maestro (Radical-Chubut), Rolando Tauguinas (Chaco Autonomist Party), and the Justicialist current Governor Vicente Joga (Formosa), Mario Moine (Entre Rios), Ruben Marin (La Pampa), Ramon Puerta (Misiones), Carlos Mujica (Santiago del Estero) and Rodolfo Gabrielli (Mendoza).

On the other hand, Radical leader Eduardo Angeloz will start his third term as Cordoba governor tomorrow.

## * Provincial Parties' Ties to 'Menemism' Viewed

## * New Leaders

*92SM0125A Buenos Aires SOMOS in Spanish*
*4 Nov 91 pp 16-17*

[Report by Hector Simeoni]

[Text]

### A Third Force

Justicialism has lost two traditional strongholds (Salta and Chaco) as well as the battle against the temptation to seize one that has always been beyond its grasp: Corrientes. Meanwhile, two retired military officers, who to make matters worse served in the military government, have emerged in the country as representatives of a populist classical liberalism that agrees wholeheartedly with Menem's economic agenda. This is why on the day after the election Jose Luis Manzano went so far as to announce: "Menemism won." And the president himself joined in the celebration with other remarks. All indications are that the ruling party will try to consolidate its hold in 1992 through a legislative coalition. This will happen in a Chamber of Deputies comprising 20 blocs. Each vote there will be a key one. Who really won? How pro-Menem are the figures that have recently emerged?

### Roberto Ulloa: "We Agree With Menem's Agenda Because He Agrees With Ours"

"Menem is doing what we have been advocating for years," says Roberto Ulloa, a gray-haired, affable man who looks so much like a traditional politician that it is hard to remember that he is a retired navy captain. He was governor of the province of Salta almost throughout the last military government and then, practically right away, founded a political party, the Renewal Party, which got him elected as a national deputy.

On Tuesday the 29th he was at the Casa Rosada and made it a point to reassure an anxious Jose Luis Manzano about the position that his party's legislators are going to take. "The same one that I am," he assured him (Deputy Ulloa has supported Menem's initiatives with almost exemplary discipline), "but they are not going to fail to demand changes when they feel that they are needed." He is very wise to keep his distance, as if to remind the minister that now there is a different sort of leadership, a different sort of alliance.

Ulloa's populism (popularity, if you wish) is based on the effectiveness of his administration, during which (an important detail) he did not overlook good relations with traditional politicians. He talks somewhat coolly about the defeated Justicialist candidate Roberto Romero: "He helped me to win because in deciding to elect me people just had to remember what his administration was like."

He promised the people of Salta to abolish once and for all the bonds that have been plaguing them since the days of Alfonsin. Civil servants and suppliers were paid with these pieces of paper, which are now worth much less than their face value. He is not threatening harsh austerity but promises to straighten out many things that need to be. Although initially he sought support mainly outside Peronism, his rhetoric made a deep impression on those who have traditionally stood behind Justicialism. The numbers from the most recent election demonstrate this. When it is suggested to him that he could be labeled a "Menemist," he does not conceal a look of annoyance. "What we have is something else. You must not confuse certain points of agreement with total support," he hastens to clarify.

### Jose Ruiz Palacios: "We Agree on Modernizing the State, But We Must Think About Chaco"

Jose David Ruiz Palacios, a retired colonel who was once Albano Harguindeguy's assistant secretary in the Interior Ministry, can also explain his rising star today by pointing to the effective job that he did when he served as governor of Chaco during the last stage of the dictatorship.

He won. People voted for him, but he was not elected. A judicial dirty trick annulled his candidacy (the election tribunal decided to certify his Chaco residency based on the date on which he had changed domicile; it did not consider the time period that he was in a position to prove). His Party, Chaco Action, had to run one of Ruiz Palacios' colleagues, Rolando Tauguinas, at the last minute. Everyone in Resistencia is sure that the indirect ban on him galvanized voters.

He does not hide his personal admiration for Carlos Menem. There is an almost personal reason for this: he himself played a part in jailing Menem at Las Lomitas in the midst of the Process, and Menem later "pardoned" him publicly. Such personal admiration would suggest the sort of support that goes beyond circumstantial agreement on certain issues. All indications are that the alliance between them is a strong one.

Those who know Ruiz Palacios well believe that he is going to make full use of his recently acquired status as the "power behind the throne." He will give Tauguinas the task of running the province but will reserve the most important role for himself: political negotiation. "He is going to turn to account every vote that he is asked for in the Chamber of Deputies," people say. Chaco's economy has been practically at a standstill since the production of cotton ceased to be the cornerstone of its moderate prosperity. Conditions there are not much better today than in the rest of the country's poorer provinces, although it is still relatively far from seeing the virtual explosions that have occurred in other states. Government there is in a state of chronic disaster, and to make matters worse, the most thriving activity, smuggling, is no longer the source of revenue (owing to a cheap dollar) that it was in the past. "Everything leads us to confirm that government reform is the only rational solution left to us Argentines," is Ruiz Palacios's conclusion.

**Raul Romero Feris: "There Can Be No Understanding Unless the Will of the People Is Respected"**

The Liberal Autonomist Pact has never been an enemy of Menemism. Its deputies often helped to counter the drain on Justicialism's strength that the departure of its former allies and then the defections of some of its members kept causing. Its control of the Corrientes vote became practically a tradition.

A short while ago Peronists and Radicals were on the verge of performing the local miracle of putting together a joint slate. Anything seemed acceptable in the effort to oust the people who were monopolizing power.

It all came to naught because of last-minute disagreements. Shortly before the moment of truth, the vote, Alberto Kohan arrived surreptitiously and made it clear to the Romero Feris brothers that President Carlos Menem was guaranteeing that there would be no understanding with the Radical Party in the Electoral College and that the winning party would choose the governor as long as legislative support was insured.

After the elections Corrientes Peronists pretended they knew nothing about the "gentleman's agreement." The tie that would be possible if the UCR [Radical Civic Union] electors joined Justicialism's was too strong a temptation to be resisted for the sake of polite political custom.

Raul Romero Feris decided to take drastic action and file a protest with the president himself. Although the wording was somewhat more elegant, its basic message was categorical: Do not expect our support in Congress if your party swindles us out of the governorship. The aim was to prevent the central government from taking a comfortably aloof approach while the heist was taking place in Corrientes.

Romero Feris did not return to his work in complete calm. Nor, however, did he say he was certain that "the will of the electorate was going to be respected." Otherwise, there could be a painful break with Menemism.

Liberal populism was prepared to defend its valuable upper hand in any way it could. Alberto de Filippo, the Justicialist candidate, felt that his hour of victory could be drawing near. No one knew whether Menem was having his doubts.

## * Political Parties

*92SM0125B Buenos Aires SOMOS in Spanish 4 Nov 91 p 17*

[Report by Rosendo Fraga]

[Text]

**A Military Party?**

The vote for provincial parties, which emerged as a major power from the elections on 27 October, is nothing new in Argentine politics.

Back in 1973 they took second behind Peronism in many districts, relegating the Radicals to third. This was the case in Jujuy (Jujuy Popular Movement), Catamarca (Catamarca Popular Movement), Salta (Provincial Popular Movement), Tucuman (Federal Vanguard), San Juan (Bloquista Party), San Luis (Provincial Popular Movement), Corrientes (Liberal Autonomist Pact), Santa Fe (Progressive Democratic Party), La Pampa (Pampas Federal Movement), Mendoza (Democratic Party), Rio Negro (Rio Negro Provincial Party), and Chubut (Chubut Action Party). In Neuquen the Neuquen Popular Movement won the way it had been winning since the early 1960's. Most of these parties established the Popular Federalist Force (Fufepo), which later drew close to the military government.

In 1983, Alfonsin's victory left them in the background. Only in Corrientes, San Juan, and Neuquen did the provincial parties manage to survive the new political developments.

The provincial vote has been growing since then in election after election.

The UCD [Democratic Center Union] emerged during the second half of the 1980's but succeeded in gaining a hold only in the capital and the province of Buenos Aires. In the interior, meanwhile, the provincial parties continued to represent the center-right from a "conservative populist" position that was clearly different from the classical liberalism of the Alsogarays.

At the elections on 27 October, Roberto Ulloa's victory in Salta, Tauguinas's win in Chaco, and Raul Romero Feris's victory in Corrientes (with the governorship dependent on a decision by the Electoral College) illustrate the resurgence of the provincial forces.

These parties do not represent a reappearance of the "military party" but rather a renewed expression of the "conservative populism" that has been a tradition in the country's interior.

The people who vote for these parties do so for various reasons. In Salta and Chaco they chose a good administrator over the disorder of previous Peronist governments. In Corrientes, it is the local political tradition, above all, that decides how people vote, plus the political-boss leadership of prominent Corrientes conservatives.

Menem is transforming Peronism—in practice—into a sort of popular conservative party in which high-income and working-class segments of society can come together, as they did before the 1940's.

The new makeup of Menem's Peronism is very similar to the social constituency of the provincial parties that were victorious in the most recent elections.

The proposals and principles of these candidates are not much different from the central ideas of the national government.

The ideology of the provincial parties is similar to that of Menemism today, and they are much closer to the agenda of change that Menem has pursued than the UCR [Radical Civic Union] is and even than factions of the Justicialist Party itself are.

From this perspective, they seemed destined to represent the "right" wing of the new ruling coalition that is in the works.

## Brazil

### Collor Signs $220-Million Agreement With Italy

*PY1112174491 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 11 Dec 91*

[Text] Brazil and Italy have signed an economic cooperation agreement on a $220-million investment program in health, infrastructure, and environmental conservation projects. One of the agreements contemplates the construction of a nuclear dump in Goiania.

During the second day of his visit to Italy, President Fernando Collor laid this morning a wreath at the Altar of the Fatherland, the Tomb of the Unknown Soldier.

The president later went to Rome's city hall. Shortly before noon he met with Prime Minister Giulio Andreotti. The Brazilian and Italian foreign ministers then signed cooperation agreements.

### New York Negotiations Seek Debt Discount

*PY1112142691 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 11 Dec 91*

[Excerpts] Brazil is trying to obtain a 37-percent discount on the principal of its debt with private banks. The negotiations are currently underway in New York. Economy Minister Marcilio Marques Moreira made this announcement yesterday during his meeting with members of the Chamber of Shoemaking Industries.

The minister said that the 37-percent rebate on the principal of Brazil's debt to private banks will considerably reduce the pressure of services, interests and deadlines. [passage omitted]

Planning Secretary Pedro Parente is confident that this time the country will be able to abide by the terms of the agreement that it will probably reach with the IMF. Parente said that the goals set forth in the letter of intent and the technical memorandum are realistic. Parente explained that the government will be able to comply with the terms of the technical memorandum provided Congress approves the tax reform.

Minister Marques admitted that the tax burden will increase once the emergency tax reform bill is approved by Congress. The minister said that the fiscal adjustment currently being proposed by the government could be the first step in the struggle against inflation. Marques pointed out that the government plans to submit a bill to Congress calling for a broader tax reform during the first half of 1992.

### Minister Says Interest Rates To Drop in '92

*PY1212002491 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 11 Dec 91*

[Report by Mirian Oliveira at the Economy Ministry]

[Text] Economy Minister Marcilio Marques Moreira said today that interest rates will drop in 1992. He made these comments during a meeting of the Entrepreneurial Competitiveness Committee.

According to Marques Moreira, the monetary policy will be based on real interest rates that will not, however, be as high as those of the last few months. He said the government intends to continue implementing the same policy in 1992, and that it will be based on the fiscal adjustment that, in his opinion, will bring Brazil additional resources that will be sufficient to give the country a surplus of 3 percent of the gross domestic product.

Regarding the exchange policy, the economy minister told the businessmen that Brazil has increased its reserves by more than $1 billion in the last few days. In his opinion, this is extremely important because in 1992 the government will encourage exports through realistic exchange rates.

In the minister's opinion, a realistic exchange rate added to low interest rates abroad will cause a drop in the dollar rate and increase the Brazilian market's competitiveness in Europe and Asia.

Marques Moreira also told the businessmen that the government will give priority to administrative reorganization and speed up the sale of assets of the federal government, the National Social Security Institute, and the Bank of Brazil. He added that the privatization program also will receive the government's special attention in 1992.

He reported that President Collor has called a sectorial meeting to speed up the privatization program.

## Text of IMF Technical Memorandum of Understanding

*PY1112212091 Rio de Janeiro O GLOBO in Portuguese 10 Dec 91 Economic Section p 24*

[Text] Technical Memorandum of Understanding.

This memorandum and the annexed charts define the concepts that were used in the quantification of some of the economic program's variables, and they specify the criteria that will be used in its performance during the first six months of 1992, in addition to the indicated goals for the rest of the year, in accordance with the letter of intent that was signed in November 1991. This performance criteria and the indicated goals will be revised after the signing of an agreement between Brazil and its creditor banks with an eye to an overall restructuring of the country's debt. The performance criteria for the second six months of 1992 will be established during a revision that will be concluded by 31 August 1992. And the performance criteria related to the first six months of 1993 will be established during a revision that will end on 28 February 1993.

I. Liquid International Reserves in Brazil's Central Bank.

1. The overall deficit of the balance of payments in 1991 will be limited to $6 billion (indicated limit). With the implementation of the predicted rescheduling and additional financing from official sources, the balance of payments must have an overall surplus in 1992 of no less than $7.3 billion and a deficit in 1993 that must not surpass $0.3 billion. The overall performance of the balance of payments will be measured through the variations of the liquid international reserves in the Central Bank, defined in accordance with line five of chart one. Consequently, the balance of the liquid international reserves must increase by no less than $4.6 billion between 1 January and 31 March 1992; no less than $5.4 billion between 1 January and 30 June 1992; no less than $6.1 billion between 1 January and 30 September 1992; and it must increase by no less than $7.3 billion between 1 January and 31 December 1992. These variables will be: (I) increased by the accumulative liquid disbursements of approved loans (including provisional financing if necessary) by the commercial creditor banks; (II) reduced (increased) by the insufficiencies (excesses) of the additional disbursements of international organizations and official creditors that are referred to in Paragraph 36.b of the letter of intent, and which are projected at $750 million per year in 1992 and 1993; and (III) will be increased by the additional reduction of the servicing of the debt, the surplus of the amounts that have been considered, that are related to the debt with the Paris Club that were contracted in the pre-cutoff [two preceding words in English] period, including those that were delayed, in 1992 and 1993. Readjustment of the goals as a result of the use of the reserves for reducing the debt and the servicing of the debt will be subject to consultation with the IMF.

II. Liquid Internal Credit of the Central Bank.

2. For the purposes of the program, every three months the balance of the Central Bank's internal liquid credit will be considered as currency in the hands of the public, measured as an average with the daily balance of the last month of the three-month period, less the liquid international reserves (line five of chart one) at the end of the last month of the three-month period and converted into cruzeiros at previously arranged exchange rates. The variation of the Central Bank's liquid internal credit for the period after 1 January 1992 must not exceed a negative outlay of 5.3 trillion cruzeiros on 31 March 1992, and a negative outlay of 5.5 trillion cruzeiros on 30 June 1992. The indicative limits for the variation of the Central Bank's liquid internal credit from 1 January to 30 September 1992 and to 31 December 1992 will be a negative outlay of up to 6.25 trillion and 7.75 trillion cruzeiros, respectively. These limits will be readjusted to reflect the adjustments to the goals of the liquid international reserves described in Section I above.

III. The Financial Needs of the Public Sector.

3. The financial needs of the public sector (NFSP) are defined as liquid financing obtained by the nonfinancial public sector and the Central Bank, and it is provided by the internal financial system (excluding the Central Bank), the nonfinancial private sector, and external sources. These needs are calculated as the sum of the liquid variation of the internal public debt's balance, the variation of the monetary base, liquid external financing—including the variation of the Central Bank's liquid international reserves, and the liquid revenue—at face value—that derives from the privatization of public enterprises (chart two). The nonfinancial public sector includes the federal government (central administration and social security), state and municipal governments, nonfinancial federal public enterprises, and state and municipal nonfinancial enterprises. The internal financial system includes the Bank of Brazil, commercial banks, multi-role banks [bancos multiplos], and the non-monetary financial institutions: BNDES [National Economic and Social Development Bank]; Bedes [expansion unknown] (including the development portfolios of commercial banks); CEF [Federal Savings Bank]; CEEs

[State Savings Banks]; APE [Saving and Loans Associations]; SCI [expansion unknown]; SCFI [expansion unknown]; investment banks; and SAM [expansion unknown].

4. The balance of the internal debt consists of the liquid credit granted by the internal financial sector to the nonfinancial public sector, excluding all credit granted to the public [as published] (and to the internal financial system) by the Central Bank, debentures, credits of suppliers, Treasury bonds, and state and municipal bonds (with a nominal interest rate on those bonds that will be included through the criteria of competition) that are in the hands of the public (including the internal financial sector but not those that are in the hands of the nonfinancial public sector).

5. The liquid credit granted to the nonfinancial sector and the Central Bank by the internal financial system, excluding the Central Bank, is defined as the sum of: (a) the balance of the Treasury bonds that are in the hands of those financial institutions; (b) any other credit granted to the nonfinancial public sector by those financial institutions, less (c) the deposits of the nonfinancial public sector in those financial institutions, less (d) the collection of taxes owed to the Treasury by those financial institutions or to state and municipal governments.

6. The net credit granted to the nonfinancial public sector or the Central Bank of Brazil by the nonfinancial private sector is defined in the following manner: (a) the credit of suppliers and debentures in the hands of the nonfinancial private sector and (b) the Treasury bonds in the hands of the nonfinancial private sector defined as the total of issued bonds, including the nominal interests to be paid (as reported by the National Treasury Department—DTN) except those in the hands of the internal financial system, the social security system, and public companies.

7. The external net financing of the nonfinancial public sector and the Central Bank of Brazil is defined as the sum of the monthly net flow (disbursements minus amortizations) in foreign currency converted into the average monthly exchange rate applying to: (a) deposits registered in foreign currency of the nonfinancial public sector and (b) other external financing (including short-range financing) for the nonfinancial public sector, the Central Bank of Brazil, and the variations of the Central Bank of Brazil's net international reserves. The net external financing must be adjusted for any capital earnings from operations for reducing the debt and the service of the foreign debt, including conversions of the debt.

8. The NFSP must not exceed 59 trillion cruzeiros from 1 January to 31 March 1992, and 120 trillion cruzeiros from 1 January to 30 June 1992. For example, the NFSP from 1 January to 31 December 1991 should not exceed 63 trillion cruzeiros. The NFSP's accumulated limits—established for 1992 as an example—must not exceed 173 trillion cruzeiros from 1 January to 30 September and 202 trillion cruzeiros from 1 January to 31 December.

IV. Public Sector's Operational Result

9. The operational result [resultado operacional] of the nonfinancial public sector (as defined in the aforementioned Section III), minus adjustments for the inflation rate and the variation of the exchange rate, has an impact on the balance of the internal public debt including the financing needs.

10. (A) The adjustments for the inflation rate for the balance in national currency are calculated by multiplying the corresponding balance at the end of the previous month by the variation of an index based on the geometric average of the IGP-DI [Indice General de Proces-Disponibilidade Interna—General Price Index-Domestic Supply] of the current and following months.

(B) For securities, loans, and other assets and debts of the internal public sector, in foreign currency, the exchange rate correction for a determined month is calculated by multiplying the balance at the end of the previous month by the percentage variation of the U.S. dollar value in cruzeiros (sale) for commercial transactions at the end of the month.

11. As an indicative limit, the operational deficit accumulated from 1 January to 31 December 1991 must not surpass 3.9 trillion cruzeiros. The operational deficit accumulated by the nonfinancial public sector and the Central Bank of Brazil between 1 January 1992 and 31 March 1992 must not surpass 5.6 trillion cruzeiros, and for the period 1 January-30 June 1992 will not surpass 11.4 trillion cruzeiros. The indicative limits for the operational deficit accumulated for the periods 1 January 1992-30 September 1992 and 1 January-31 December 1992 will be 22 trillion cruzeiros and 30 trillion cruzeiros, respectively.

V. Primary Result of Public Sector.

12. The primary result of the nonfinancial public sector and the Central Bank of Brazil is defined as being the NFSP (as defined in Section III) minus the estimate of payments of nominal interests on the remainder of the public foreign debt, minus the payments of nominal interests on the remainder public internal debt, plus revenues from interest on net international reserves and other public sector foreign assets, plus revenue from interest on public assets, established in cruzeiros. The performance judgment of the primary results will be established after the development of methodology to measure the payments of nominal interest on the internal public debt of the nonfinancial public sector. On that occasion, performance judgment of the operational result will be converted in indicative goals. As indicative limits, the accrued primary surplus of the nonfinancial public sector and the Central Bank of Brazil will not be less than 6.5 trillion cruzeiros between 1 January and 31 March 1992, 14.8 trillion cruzeiros between 1 January

and 30 June 1992, 24 trillion cruzeiros between 1 January and 30 September 1992, and 32.5 trillion cruzeiros between 1 January and 31 December 1992.

VI. Net External Disbursement of the Public Sector

13. The limits for net external disbursement of the public sector will be determined as the difference between disbursements and amortizations of the medium- and long-term foreign debt of the nonfinancial public sector as described in Table 3 of the annex. Operations resulting from the debt's reduction will be excluded from the amortizations and from its service and conversions. The net external disbursement thus determined will not exceed $6.2 billion during the three-month period that ends on 31 March 1992, $6.7 billion during the six-month period that ends on 30 June 1992, $7.6 billion during the nine-month period that ends 30 September 1992, and $8 billion during the 12-month period that ends on 31 December 1992. Those values will be: (i) increased by the net cumulative disbursements of credits agreed upon (including provisional financings, if necessary) coming from creditor commercial banks; (ii) decreased (increased) by insufficiencies (excesses) in the additional disbursements by international organizations and official creditors, as referred to in Paragraph 36.b of the Letter of Intent, and (iii) increased by the excess that may take place in the effective rescheduling in relation to those values. The net short-term foreign debt of the nonfinancial public sector, included in the aforementioned values, must not exceed $1.5 billion during the 12- month period that ends on 31 December 1992.

**Table 1. Brazil: Adjusted Net International Reserves (in millions of dollars)**

| Items | | 31 December 1991 |
|---|---|---|
| 1. | Assets | 9.175 |
| | Assets on hand | 1.77 |
| | Short-term assets | 7.77 |
| | Medium- and long-term assets | 25 |
| 2. | Liabilities | 16.298 |
| | Short-term liabilities | 1.763 |
| | Medium- and long-term liabilities (FMI) | 1.821 |
| | Debts in arrears * | 12.714 |
| 3. | Assets minus liabilities (1-2) | -7.123 |
| 4. | Profit and losses resulting from appreciation ** | ... |
| | Assets | ... |
| | Liabilities | ... |
| 5. | Net international reserves (3-4) | -7.123 |

* It includes an estimated $580 million for interest resulting from debts in arrears.

For the 1991-1993 period, unpaid obligations will comprise the obligations that were overdue at the end of 1990, plus the servicing of the debt owed by the nonfinancial public sector and the Central Bank of Brazil, plus the estimated interest on delayed payments, minus the payments that were actually made by the nonfinancial public sector and the Central Bank of Brazil.

** For the purpose of this table, the adjustments for appreciation reflect changes in the price of gold and other assets and obligations in currencies other than dollars, which were caused by modifications of the exchange rates and prices in force on 31 December 1990.

**Table 2. Brazil: Public Sector's Net Debt (in billions of cruzeiros)**

| Items | 30 June 1991 |
|---|---|
| Total Debt | 49,299 |
| Federal government * | 18,407 |
| State and municipal governments | 9,901 |
| State enterprises | 20,991 |
| Domestic debt | 22,167 |
| Federal government * | 1,735 |
| Federal debt in bonds owed by the public | 3,061 |
| Debt owed to banks | -2,491 |
| Amounts to be credited and bank deposits | -359 |
| Social security system | -266 |
| Autonomous agencies | 450 |
| MF-30 [expansion unknown] | -7,603 |
| Monetary base | 2,475 |
| State and municipal bonds in the Central Bank | -1,015 |
| Frozen financial assets | 6,590 |
| Special deposit accounts | ... |
| Other Central Bank deposits | 1,693 |
| Credits to financial institutions | -1,151 |
| Other items | 351 |
| State and municipal governments | 8,583 |
| State and municipal bonds in the hands of the public | 1,976 |
| State and municipal bonds in the Central Bank | 1,015 |
| Debt owed to banks | 4,566 |
| Tax revenue deposits in banks | -33 |
| Demand deposits | -293 |
| MF-30 | 1,352 |
| State enterprises | 11,849 |
| Debt owed to banks | 4,631 |
| Demand deposits | -109 |
| Suppliers' credits | 295 |

**Table 2. Brazil: Public Sector's Net Debt (in billions of cruzeiros) (Continued)**

| Items | 30 June 1991 |
|---|---|
| Debentures | 1,108 |
| Debt in bonds owed by state enterprises | -327 |
| MF-30 | 6,251 |
| Foreign debt | 27,132 |
| Federal government * | 16,672 |
| State and municipal governments | 1,318 |
| State enterprises | 9,142 |

* Includes Central Government, social security system, autonomous agencies, and Central Bank.

**Table 3. Brazil: Public Sector's Net External Disbursements (in millions of dollars)**

| Items | Projections for 1991 |
|---|---|
| 1. Disbursements (medium- and long-term) | 2,490 |
| Refinancing | ... |
| Commercial banks | ... |
| Brazilians living abroad | ... |

* Excludes amortization in the conversion of debtinto investment.
** Short-term debt owed by the nonfinancial public-sector [footnotes as published].

## Columnist Critical of Letter of Intent to IMF

*PY1012205891 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Dec 91 Section 1 p 14*

[By Ricardo Semler from the "Fax-Semler" column]

[Text] The sort of phrase that Labor Minister Antonio Rogerio Magri might use is applicable to the letter of intent that was sent to the IMF: It promises the impossible and pledges the unacceptable! It is a letter full of evil intentions. It promises a recession aimed at making companies fail and increasing the number of unemployed. On the other hand, it does not say anything about important government reorganizations or the end of administrative outrages.

A few centuries ago, the healing of patients depended on that charming little animal, the leech. Because effective medicines were unknown and the disease itself was not understood, the patient was bled. The rationale behind this was that the evil must be in the blood and, therefore, to remove a good part of it would resolve the problem. It represented official obscurantism, disguised as a major science.

Today's Brazil is not different, and the IMF is not either. This involves quackery by someone who does not understand a disease and takes painful and anachronistic measures in order to give the impression that there are no decisive interventions for the evil. No one has the courage to take the road of constructive measures. It is a pity that we are again falling into this litany ...

Recently, I sat down with a world atlas to take a look at the world's most corrupt countries. A few years ago, we were among the world's 50 most-corrupt countries—of a total of 160. Today it has progressed so much that Brazil certainly is among the world's 10 most-corrupt countries and I believe that it would easily win a contest for the most-corrupt large country in the world.

The fact that Federal Police Director Romeu Tuma is a friend of dollar exchangers would not justify the above position. The fact that Health Minister Alceni Guerra prefers to buy bicycles, filters, and other minor items from the Loja do Pedro [a scandal involving Health Ministry purchases], or that the debts owed by friends of the president were paid by mysterious secret friends (after all, we are at Christmas), would not justify it either. Neither would the fact that the auto manufacturing industry, which Planalto Palace has affectionately protected, will end the year with a good performance, high prices, poor quality, and a guaranteed market. The fact that the government has resorted to rascals' methods in the area of taxes—Planalto Palace has welcomed a suggestion to abolish all taxes and to replace them with a single tax on checks—would not justify it either. Incidentally, what Planalto Palace would like is to add this single tax to the others.

A big irony lies ahead of us. There is no predictable future in which the country can return to serious behavior. Not even the most optimistic people could think of the president's resignation or impeachment. Yet—and this is the great irony—this does not mean that the situation will not improve in the medium term. I think it will, by mid-1992. But this only will serve to give the impression that the country was going along the right path and that sacrifices were worthwhile. And for some more years the country will once again plunge in a cycle of ups and downs, breaks and artificial reactivation.

Let us make an appeal in advance: There can be no sound foundations without serious behavior. When the inevitable cycle of reactivation arrives, we will recall that the country needs 10 years of serious governments to lower its ranking in the list of Great Shames of the Modern World. A slight improvement, "in the IMF style," will not be enough. We cannot give up our struggle for seriousness, a fight that we are losing by a knockout. Whenever there is a reactivation, the conditions for the fight will be even more difficult. Let us be on the lookout to avoid once again being caught by the story of letters of bad intentions...

### Private Banks Offered Negotiation Alternatives

*PY1012130891 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 10 Dec 91*

[Text] Central Bank Chairman Francisco Gros reported that Brazil is offering six alternatives for the negotiation of its foreign debt with private creditor banks. He said that the government has a basic proposal, but the payment of a 2.75 percent interest rate per year on the principal of the debt has reached higher percentages in eight years. [sentence as heard]

Gros said that Brazil promises to fulfill its promise to the IMF and implement a strict fiscal adjustment plan for 20 years.

### Businessmen Repatriating Dollars From Abroad

*PY0712144091 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 7 Dec 91*

[Economic commentary by Beto Almeida]

[Text] This was another week in which the U.S. dollar showed incredible stability. Confronted with high interest rates, many businessmen are repatriating their dollars from abroad. They prefer to do this instead of obtaining expensive loans to build their operating capital.

As a result, there is a large supply of U.S. dollars on the parallel market. Thus, the exchange rates are declining. The difference between the dollar exchange rate on the commercial and parallel markets is currently only 3 percent, unusually low.

Brazilian businessmen are repatriating an extremely large amount of U.S. dollars. Abroad, it is practically impossible to obtain earnings on the order of 30 percent in any financial operation. In Brazil, this is possible. Monthly interest rates currently stand at approximately 30 percent.

Dollar exchange rate variations last week were only prompted by the referential rate. The official exchange rate is 893.10 cruzeiros per dollar; the parallel exchange rate is 920 cruzeiros per dollar. Gold, its value influenced by the dollar exchange rate on the parallel market, is being sold at 11,040 cruzeiros, reflecting an increase of only 1.9 percent during the week.

### Angra-2 Nuclear Plant Privatization Sought

*PY0612154291 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Dec 91 Section 1 p 7*

[Report by Francisco Santos of the Rio de Janeiro bureau]

[Text] The government wants to privatize the Angra-2 nuclear plant (in Angra dos Reis, 155 km from Rio de Janeiro) so that its construction can be concluded. Jose Luiz Santana de Carvalho, president of the National Nuclear Energy Commission (CNEN), stated that $800 million of the $1.5 billion required to complete the project is being sought from the private sector.

The possibility of making the private sector the majority shareholder in the plant is not excluded within the negotiations that the government wants to conclude "within 3 or 4 months."

Carvalho said that a group of Brazilian bankers and construction people have shown "considerable interest" in participating in the project.

Carvalho said that there is interest in including foreign partners, on an equal basis with national enterprises, in the termination of the plant.

Carvalho said that Angra-2 is already 80 percent completed and $3.5 billion have been invested in the plant. The government plan foresees that the new owner of the plant would contract Furnas Electric Power Plants Inc., which currently operates Angra-1, to operate the nuclear plant. Furnas could even be a minor shareholder in the plant.

The project foresees the construction of Angra-1, 2, and 3. Currently only Angra-1 has been concluded and it is operating at half of its nominal 600 kw capacity. The plant is currently closed for a change of fuel.

Regarding the sale of Angra-3's equipment to Iran, Carvalho says that the idea "is interesting from a commercial viewpoint, but not from a political one." He says that the viability of the negotiations would first require Iran to become more integrated with the international nuclear community. Considering that the commercial exploitation of the plants are not the CNEN's concern, Carvalho said that he prefers not to negotiate with Iran.

### Temporary Registration for Civic Party Approved

*PY2811000291 Rio de Janeiro O GLOBO in Portuguese 27 Nov 91 p 3*

[Summary] The Superior Electoral Board has approved the temporary registration of the Civic Party for National Development [Partido Civico de Desenvolvimento Nacional—PCDN] headed by former Deputy Herbert Levy. To get its registration, the PCDN proved that it was organized in the following areas: Amazonas; Rio Grande do Norte; Tocantins, Mato Grosso do Sul; Rio de Janeiro; Sao Paulo; Santa Catarina; Federal District; and Amapa. The PCDN now has 12 months to fulfill other requirements for its permanent registration.

### Reconstruction Party Faces 'Most Serious Crisis'

*PY0312193891 Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Dec 91 Section 1 p 10*

[Text] Born and bred under the shadow of Fernando Collor de Mello, the PRN [National Reconstruction Party] is facing its most serious crisis in its short history, to the president's displeasure. The party was able to elect 41 deputies; but now it only has 33 and they are

completely dissatisfied with matters, which could cause the bloc to lose half of its members.

The same PRN "syndrome" can also be observed in its leaders. Its current leader, Cleto Falcao, a deputy from Alagoas State, whose only notoriety was that of being an "intimate friend of Fernando" (Collor), is now ignoring Planalto Palace. His displacement at the end of the year has already been decided by the bloc.

Former leader Arnaldo Faria da Sa (today a member of the PFL-SP [Liberal Front Party-Sao Paulo]), "another friend of Fernando," was also unseated. The same thing happened to Renan Calheiros, who was the first person to occupy the post and who is also a very old friend.

Deputy Getulio Neves (PL-MG) [Liberal Party-Minas Gerais] said: "The whole problem resides in the fact that the party is a fantasy, and it has the onus of being called the government party. In practice it is ignored by the government." According to Neves, "the PRN crisis existed before the problem of Cleto Falcao arose."

He abandoned the PRN on 20 November. And just 4 days afterward, the magazine VEJA published an interview that determined the Falcao's unseating at the year's end, due to the assertion that he is supported by friends.

Neves was a member of the Youth Party (PJ), founded in 1985 and changed to the PRN in 1989 at Collor's request. The Alagoas State's former governor needed a party to launch his candidacy; but he believed that the name Youth Party would not go over electorally. It was a good deal for both the party and the candidate.

The former PJ, changed into the PRN, gave Collor a motto for his candidacy without the fire-power to collect anything from him in exchange. In compensation, the party, which did not have any representatives in the Chamber of Deputies and with the presidential campaign heating up, was able to recruit 13 deputies from other parties and elect 41 in the first election.

But the close ties with Collor are not proving to be enough to achieve the participation in the government that is desired for those who were elected. In the power play with the other member of the government bloc, the PFL [Liberal Front Party] (91 deputies), the government tends to lean toward the PFL. And now there exists the rivalry of the 112 members of the "independent" bloc (PDS [Social Democratic Party]; PTB [Brazilian Labor Party]; PDC [Christian Democratic Party]; and the PL [Liberal Party]).

Marcos Medrade, (who today belongs to the PDC-BA [Bahia State]), who left the party 3 months ago, complains that he was never able to obtain "an audience, even with the lowest level director of a state bank." The PFL has opened its doors to four of the nine deputies that have abandoned the PRN. Only one of them does not have a party, and the others have joined the independent front.

Falcao assumed the leadership with the argument that his "intimate friendship" with Collor would prevent the bloc's members from leaving. But the opposite happened. Seven of the nine deputies that the PRN has lost left under the current leadership.

Gilvan Rocha (AP) [Amapa State], who today does not belong to any party, said: "It has many more people who are ready to leave. There is not even half of them left." Maurici Mariano (SP) [Sao Paulo State], deputy leader and Falcao's righthand man, himself has admitted that he is thinking of creating a new party in Sao Paulo that will gather the PRN's discontented members.

## Nuclear Submarine Project Beset by Delays

*PY1012232891 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Dec 91 Section 1 p 20*

[Report by Brasilia Bureau Chief Gilberto Dimenstein]

[Text] An official document that has fallen into FOLHA DE SAO PAULO's hands reads that from 1979 to August 1991 the nuclear submarine project being developed by the Navy already has absorbed 407.5 billion cruzeiros ($440.6 million). But, according to Navy Minister Admiral Mario Cesar Flores, at least 1.187 trillion cruzeiros are still needed to make the submarine operational.

The deadline has been changed so many times that the Navy Ministry does not know when the project will be completed. The minister says that from an "optimistic" viewpoint, the submarine will be submerged in Brazilian waters in the year 2005, in other words, within 14 years. FOLHA DE SAO PAULO questioned the technicians involved in the project and they said that if the current allotments pace continues, the year 2010 would be more realistic.

According to official data, 93.1 billion cruzeiros were spent in 1990. And according to the Navy Ministry, 113.3 billion will be spent this year. The expenditure for the nuclear submarine does not figure as such in the federal budget sent to Congress; it is found under the heading of "refurbishment."

The idea of building a nuclear submarine emerged in 1978, when the military, discontented with the Brazilian-German Agreement, decided to include it in the parallel nuclear program. The initial forecast was that the first submarine would be operational in 1995. Afterward, the deadline was set for the year 2000, but, according to Minister Flores, the year "could be" 2005. Technicians consulted by FOLHA DE SAO PAULO are betting on the year 2010.

The project is being developed in two states: Sao Paulo and Rio de Janeiro. The center involved in the enriching of uranium is in Aramar, Ipero District (125 km west of Sao Paulo).

According to Flores' "optimistic" forecast, the prototype will be ready for dry dock in the year 2000. In other words, the submarine's reactor will be functioning in an experimental form in dry dock. Within a five-year period the submarine will be built and appropriately loaded with torpedoes.

A conventional model, which is much cheaper than the nuclear model, today costs $200 million. In an interview with FOLHA DE SAO PAULO, Flores lamented the project's delay: "It is Brazil's industrial sector that comes out the loser with this delay."

According to Flores, the submarine is the Navy's goal and this justifies its inclusion in the nuclear program because the nuclear energy will become part of the Brazilian economy, thus representing "technological progress." For Flores, the project has nothing to do with the atomic bomb. "There is a lot of ignorance in this respect," he said. He stated that the submarine will run with nuclear energy, something that will be fully accepted by the International Atomic Energy Agency (IAEA).

But Itamaraty suspects that part of the United States' resistance in transferring more advanced technology is due to the North Americans' apprehension regarding Brazil's nuclear ambitions. This apprehension led Flores to send a secret letter to Foreign Minister Francisco Rezek telling him that the whole project can be inspected by the IAEA.

### Oil Consumption, Import Figures Analyzed

*PY1112001091 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Dec 91 p 91*

[Report by Rosane de Souza]

[Excerpts] Rio de Janeiro—Despite the oil production increase expected to come with the operation of new wells in Campos Basin, next year Petrobras [Brazilian Petroleum Corporation] will have to import 480,000 barrels of oil per day—the same quantity imported in 1991. This year, oil importing expenses should reach $3.5 billion, an amount that is 19.6 percent lower than imports in 1990, when prices went up because of the invasion of Kuwait. Consumption stood between 1.1 and 1.2 million barrels per day, and may rise to nearly 1.3 million barrels per day in 1992.

This year, Petrobras invested the equivalent of $2 billion, 71 percent of which was used for development and production. Petrobras President Ernesto Teixeira Weber expects production to reach 1 million of barrels per day in 1994. Infrastructure Minister Joao Santana, though, has said that the enterprise has obtained only $3.6 billion for investment in 1992, despite the initial plan to invest $4 billion. [passage omitted]

Petrobras Development and Production Director Raul Mosmann already has admitted that not until February 1992 will Petrobras be able to produce 700,000 to 710,000 barrels per day. At the beginning of 1991, technicians expected production to reach 720,000 barrels per day in October 1991, when several wells of the large Marlim field in Campos Basin were scheduled to begin operating.

Reduction of investment funds should result in a reduction of stored oil. Petrobras Commercial Director Mauricio Alvarenga reported that in order to compensate for importing expenses, the enterprise will have to use part of its current stock of 25.1 [as published] million barrels. Reserves will thus stand at 28.3 million barrels in January 1992. He said that the enterprise normally operates with reserves ranging from 28.3 to 31.4 million barrels.

## Chile

### Aylwin Says No Asylum for Erich Honecker

*PY1212025691 Madrid EFE in Spanish 0204 GMT 12 Dec 91*

[Excerpt] Santiago, Chile 11 Dec (EFE)—Chilean President Patricio Aylwin asserted today that he will not grant political asylum to Erich Honecker, the former leader of the now-extinct GDR, because he is not being persecuted by a dictatorship.

Answering a question on the issue, Aylwin said the refusal to grant asylum is not due to the fact that Honecker—who currently is residing in Moscow—does not possess a German passport or visa.

Aylwin said no passport or visa is needed to grant asylum, but he noted that "asylum is granted to people who are persecuted by dictatorships. The German Government is a democratic government and a state of rights prevails in that country."

He added: "Consequently, in compliance with international law, the granting of asylum is not justified."

Aylwin made this statement to Television Channel 13, which belongs to the Chilean Catholic University. Aylwin made this statement after the Russian Government announced in Moscow that it has given Honecker until 13 December to leave Russian territory or otherwise he will be expelled to Germany. [passage omitted]

### Aylwin Addresses Nation About Crime Prevention

*PY1012150091 Santiago Radio Cooperativa Network in Spanish 2304 GMT 9 Dec 91*

[Address to the nation by President Patricio Aylwin from La Moneda Palace—live]

[Text] Fellow countrymen:

I wish to inform you personally of the measures that the government is taking to confront the phenomenon of violent crime that is justifiably causing concern among the public. The government shares that concern.

Without being influenced by alarmist reactions, which are not always objective and at times very impassioned, we are firmly determined to do whatever is necessary to end the crime wave, which is endemic in modern societies, especially in the large metropolis, and which now threatens civilized coexistence in our country.

It must be made clear, however, that it is not the exclusive responsibility of the government. It is a collective task that concerns us all.

Without doubt the primary and main effort falls upon the state organizations; government, institutions, and the services that depend on it; Congress; and the courts.

If it is to be fully effective, the effort requires the cooperation of all sectors, especially the media, spiritual authorities, the educational system, neighborhood communities, businessmen, and workers. I solemnly call upon all of you to take up this challenge as a national task.

Instead of making it a subject for dispute or for possible political advantage, we must try to prioritize our ideas and make our actions more efficient. Consistent with this, in March 1991 I called on all the parties represented in Congress to cooperate so that this country could coordinate our confrontation of terrorism. I then asked the Senate for an opinion on the matter, and they formed a special study committee.

During the past few days I have again met with party leaderships, both government and opposition, to inform them about what we are doing, to seek their opinions, and ask for their cooperation.

First we must have a true diagnosis of the problem in order to act efficiently. As I told Congress in my message on 21 May 1991, the violent crime wave that is affecting our country has two different forms: common crime and terrorism. Any links that there may be between them are merely coincidental.

The statistics of the forces of law and order show that the number of terrorist actions, notwithstanding the seriousness of some cases, which have caused justifiable alarm, have decreased considerably during the past two years.

Instead, we have witnessed an increase in crimes of theft, especially theft with violence in the form of armed assault against individuals, businesses, homes, and vehicles. Many times the thefts result in homicide and injuries. That occurs mainly in large cities, and in a very special way in the metropolitan region. An increase in drunkenness, drug addiction, and the trafficking of drugs has also been detected.

Because of the cruel murder of Senator Jaime Guzman, in April 1991 the government created the Coordinating Council for Public Security, dependent on the Interior Ministry through the nation's president, to implement strategic planning and to coordinate the antiterrorism policies that are being implemented by the Carabineros and the Investigative Police.

As we announced at that time, it is our intention that the mentioned council—with a consultative intelligence committee—would collect and process information in order to act efficiently in cases of threats to public security and formulate proposals based on the experience gained, in order to give a legal structure to the permanent organizations that would oversee such issues. After seven months of intense and dedicated work, the coordinating council, in addition to gathering information and coordinating the antiterrorist struggle within the law and order organizations, has formulated proposals that were used to draft the bills and constitutional reforms that I have just signed and that will be submitted to Congress.

Before reviewing the basic contents of those proposals and other measures the government is planning to safeguard public order and the safety of the people, I deem it necessary to categorically reiterate our absolute rejection of terrorism and any form of subversion. No political reason or pretext justifies the use of violence or perpetration of crimes.

In a democratic regime like the one we happily enjoy, all citizens are free to express their needs, aspirations, and opinions by freely exercising public liberty through constitutional and legal channels. Anyone not utilizing those channels, under the pretext of taking the law into their own hands or exerting pressure on the authorities seeking to fulfill their demands or claims, merely jeopardizes the consolidation of our democratic system and gives the enemies of freedom an excuse to discredit democracy. The government will implacably safeguard respect for the law and take action against those who violate it.

Just as a dictatorship imposes order by force without freedom, freedom without order means abuse and chaos. The use of violence by anyone to impose his will represents a crime against social peace and a civilized coexistence and, therefore, deserves to be strongly condemned.

Likewise, I deem it necessary to reiterate that within the spirit of national reconciliation that inspires it, the government will continue to promote expeditious handling of trials for political crimes perpetrated under the previous administration and that I, in my capacity as president of the republic, will conscientiously continue to use the power bestowed on me by the Constitution to pardon individuals charged with political crimes. Such pardons should not be regarded as a sign of fear of terrorism, or as contradictory to the struggle against delinquency because they refer to crimes committed under very different circumstances. They are granted based on a criteria of justice and seek to reinstate the beneficiaries in the peaceful coexistence of Chilean society.

In view of that, I wish to point out that the struggle against delinquency entails different aspects and tasks to prevent, investigate, and punish, without detriment to

the necessary tasks of tackling the economic, social, and cultural reasons that usually prompt such crimes. Under the rule of law, such tasks are carried out by various organizations and are subject to the framework of the law. It is not a matter of merely using force in the name of the state to indiscriminately prevent and punish crimes. That practice could lead to the abuse of power or to arbitrary decisions that are equally criminal and against which there is no defense.

I take the liberty to reiterate this to those who, with understandable indignation, demand a strong-arm policy as the only feasible way to fight delinquency. My government will not resort to these methods. However, that does not mean I will allow permissive criteria, a weak policy, or that I will tolerate crime. We believe that the law regulates human coexistence in this field as well as in others and we will try to act fairly. Justice is severe and energetic, but not arbitrary or capricious. Justice is fair and reasonable. Under our institutional system, public and security forces are responsible for preventing crimes; the same organizations and the courts are responsible for investigating; and the courts and prisons are responsible for punishing crimes. Consequently, an efficient policy to safeguard the citizenry entails various aspects of institutional structure, the efficient operation of police forces, measures to prevent crimes, organization and legal procedures, and a prison system.

According to our Constitution, the public and security forces, namely the Carabineros and the Investigative Police, are subordinate to the National Defense Ministry. However, that ministry, as its name rightly states and as established by law, is in charge of national defense as carried out by the Armed Forces. The task of safeguarding internal order and peace is the responsibility of the Interior Ministry. Since 1927, according to the respective organizational law, the Interior Ministry is in charge of safeguarding public order, security, and safety. That explains why the police organizations have always been subordinated to the Interior Ministry. That was the case before the 1980 Constitution was implemented and, in fact, continues to be the case, despite what is established in the 1980 Constitution.

In order to regulate the order and security forces' operations and coordinate their work adequately and effectively, the government deems it fitting to establish in the Constitution that—without affecting their administrative subordination to the Defense Ministry—Carabineros and the Investigative Police will operationally depend on the Interior Ministry. To allow the president of the Republic effectively to exert the authority bestowed upon him by the Constitution regarding his duty to preserve public order in the country through the Interior Ministry—which is responsible under the law for that task—we believe it is necessary to create a new under secretariat within that ministry. It will be the Public Security and Intelligence Under Secretariat [Subsecretaria de Seguridad Publica e Informaciones]. Law and order forces will depend on that under secretariat operationally, and it will be the formal channel for Interior Ministry orders. The essential functions of the under secretariat will be to coordinate police activities and help the government formulate policies and plans regarding adoption of measures and actions to safeguard public order, internal security, and the people's tranquility.

The bill including the proposal to create the new under secretariat contemplates the establishment of a consultative intelligence committee made up of Interior Ministry officials, Defense Ministry officials, presidential representatives, and chiefs of intelligence in the Armed Forces, and Carabineros. That will provide a clear legal basis to the service that gathers intelligence, while clearly separating those functions from the operations and police powers bestowed by the Constitution exclusively on the forces of law and order.

To enable the police institutions to fulfill their duties effectively, we must grant them the appropriate number of members and equipment. When I took office, Carabineros and the Investigative Police had serious deficiencies in that regard. To give you an idea of the situation then I will tell you that from 1974 to 1989 only 2,200 people joined the Carabineros. Considering the contingent approved in 1981 for the Investigative Police cadres, that institution had a 20-percent deficit when I was inaugurated. Both services also had serious problems resulting from a shortage in the number of vehicles and equipment in general. In view of that, my administration has been especially concerned about granting the Investigative Police and Carabineros the appropriate number of members and equipment.

In a law promulgated in November 1990, we authorized an increase of 4,400 men in the Carabineros cadres, to be hired over a four-year period. Last May, after taking their training courses, 1,100 new Carabineros joined the service. On 16 December, 1,242 more Carabineros will join the service: 653 of them will work in the Metropolitan Region while the remaining 585 [numbers as heard] will be assigned to the rest of the national territory.

The law established that the total number should be completed in 1992 and 1993, but we have decided to speed that process so that the total number will be completed before March 1993. We are submitting to Congress a bill creating 2,000 more positions to be created in 1993 and 1994. Therefore, from 1990 to 1994, the Carabineros contingent will be increased by 6,400 men. That means that the overall number of Carabineros will be increased by more than 20 percent.

In addition, special funds have been allocated for the Carabineros. This year, those funds have allowed them to build the new Carabineros School and purchase, among other items, 117 new vehicles, 100 all-terrain motorcycles and 4,000 bulletproof vests. Next year, those funds also will allow the Carabineros to purchase 620 new vehicles and substantially improve the equipment in their informatics and telecommunications departments.

Concerning the Investigative Police, special funds have been appropriated to purchase equipment, namely bulletproof vests and 238 patrol vehicles, and to increase their staff by 150 rookies this year and 350 rookies next year.

In addition, in order to improve the operating conditions of the police services and in keeping with the respective laws, the government will allocate considerable funds from the urban improvement program and the municipal common fund to build, refurbish, and expand police precincts in those municipal districts that are especially vulnerable to a lack of security.

With the goal of improving the country's ability to prevent criminal actions and the police services' ability to conduct their investigations successfully, we are proposing two bills: The first one requires the institutions, companies, or commercial establishments that, given their usual activities, are especially prone to crimes involving citizens' security to take certain preventive measures and measures of cooperation with legal actions; and the other one authorizes the Defense Ministry to allow the Carabineros of Chile and the Investigative Police to gain access to the [Defense Ministry's] weapons records.

One of the factors that contributes to crime is the general feeling that it is cumbersome and useless to go to the courts.

Despite a law enforced in August 1991 facilitating investigations into robbery and larceny crimes and into assault cases and removing the duty of confirming the claims at the courts and proving to the courts the pre-existence and property of the stolen goods, many people still ignore it and do not report to the courts the crimes they suffer. It is good for such people to know that now it is enough to report the crime to the police and that both the claimant and his or her witnesses are protected by law with the confidentiality of their identities.

Nevertheless, the government is clearly aware that the administration of criminal justice suffers from serious defects that must be corrected right away. The extra load of work in many courts, the lack of lower court government attorneys, and many substantive and procedural regulations make an expeditious administration of justice difficult.

As is known, there are many reforms to the Chilean legal system proposed by the government being studied in Congress. I hope that a consensus can be reached on the reforms. On the other hand, I have committed myself to increasing the judicial branch budget by a real 20 percent every year beginning in 1992 so that after five years the judicial branch budget's historical share of the national budget will be doubled.

Nevertheless, as part of the battle we are waging against crime, I will propose to Congress bills to achieve, among others, the following objectives:

—To create in the course of next year 10 new criminal courts in the Metropolitan Region and 10 more in other regions in the country.

—To establish a lower court government attorney's office so that a representative for social interests becomes involved in all criminal lawsuits, encouraging speedy trial and due process.

Our Constitution guarantees each defendant the right to be released on bail, unless the court considers the defendant's preventive imprisonment to be necessary for the investigation's success or his release to be a threat to society or the victim. Thus, some legal guidelines will be established for the courts to measure the threat an offender represents, especially the seriousness of his crime or criminal record.

The fact that a defendant is a convicted criminal who had been pardoned earlier will be considered an aggravating circumstance. In light of the growing involvement in criminal activities of minors under 16, who are often manipulated by older criminals precisely because minors cannot be prosecuted criminally, it has been decided to lower to 14 the age limit for exemption from criminal prosecution. Family court judges will determine the mental competence of offenders in the 14-18 age range.

The growing degree of aggressiveness and dangerousness shown by criminals and the security of the personnel who must guard them in a humanitarian way make it necessary for us to build facilities that will meet the requirements necessary to meet those objectives. It is thus urgently necessary to build a high-security prison equipped with modern technological systems.

In addition to the 1.3 billion pesos invested this year in repairing, remodeling, enlarging, and building new prisons; and the 2.347 billion pesos that will be invested in similar projects in 1992; I have decided to allocate 1 billion pesos for the construction of a high-security prison next year.

Chilean prison guards will also receive weapons, ammunition, personal security devices, vehicles, and radio communications equipment.

In addition to the above measures, I believe our country must undertake a serious revision of its prison system. Instead of serving as rehabilitation centers for convicts, many prisons are becoming schools for new criminals. This requires that we seek solutions that would enable us to separate convicts from those who are still standing trial and, above all, that we prevent first offenders from being influenced by hardened criminals.

Still in connection with the war on crime, I also want to report that the government will submit to Congress a bill—which is now in its final drafting stage—to effectively address the increasingly threat from the drug trade. The bill will seek to prevent and punish what is known as money laundering, to prevent our country

from becoming a transit route for drug trafficking, and to punish the illegal consumption of narcotics.

Fellow countrymen, our country can rest assured that the government is taking every adequate measure required to wage its war on crime successfully. Until the law creating the Public Security and Intelligence Under Secretariat is approved, the Public Security Coordinating Council—which was administratively instituted in April this year to deal with terrorism—will continue to operate and will extend its activities to include common crimes.

Carabineros and the Investigative Police are discharging their duties with full support from the government. They have achieved significant results in recent months in discharging their difficult duty of solving crimes and arresting criminals. I am sure that through duly coordinated action, with more personnel and better means, they will become increasingly effective. To that end, they need everyone's cooperation. It is a patriotic duty to give them such cooperation. I am asking everyone to do so.

Regarding the draft laws we will submit to Congress, I trust the lawmakers will give them preferential attention and that they may reach the necessary agreements to approve them.

They represent the criteria and propose the paths the government deems most convenient. However, we are not closed to discussing other proposals. Therefore, I will include in the current draft bill the motions in this regard made by government and opposition legislators in the hopes that their discussion together with those submitted by the executive branch will allow us to find the best solution as soon as possible.

I reiterate, this subject, which concerns each and every one of us, must and can become a national policy. I am sure we will be successful if each and every one of us engages in the struggle against crime. Good evening.

## Politicians Support Aylwin's New Security Plan

*PY0712133491 Santiago Radio Cooperativa Network in Spanish 2200 GMT 6 Dec 91*

[Report by Manola Robles from Government House—live]

[Text] President Patricio Aylwin met this afternoon with representatives of the National Renewal Party [RN] and UDI [Independent Democratic Union]. After the meeting, which lasted about 45 minutes, RN spokesman Andres Allamand expressed his full support for the measures on security and against crime that Aylwin will announce to the country on Monday:

[Begin recording] The president of the Republic is aware that the RN will support him in his effort to solve crime, without doubt the main problem affecting Chileans. [end recording]

He stated that the police and not the Armed Forces should be in charge of fighting crime, but that it is up to the Armed Forces to fight terrorism. The RN opposes the decision to transfer Carabineros to other institutions and to other measures, but it publicly recognized only the first point.

UDI leader Joaquin Lavin also expressed his willingness to thoroughly analyze the projects to be proposed by Aylwin. He focused on two points: that the pardoning process of political prisoners be concluded, and that more strict sentences be imposed on criminals. Aylwin responded to the first question with an answer that Chileans already know. UDI leader Andres Chadwick answered the second question.

[Begin recording] [Robles] Are you willing to support the measures announced today by President Aylwin?

[Chadwick] First we will analyze the measures, because they will obviously have to be created in a draft bill. The president reviewed the general guidelines of the measures. We think that they are well outlined and that they may play an important role in fighting crime. These measures should first be presented in a draft bill. We have told the president that his guidelines are in accordance with those we have reiterated recently. [end recording]

UDI leaders expressed their willingness to support the measures to be announced, but they also voiced their disagreement on whether Carabineros should depend on the Interior and Defense Ministries. According to Chadwick this could cause a lack of coordination. In this regard it should be recalled that even under Pinochet's regime, the Carabineros operational system was subject to the Interior Ministry and its administration to the Defense Ministry.

## Minister Rojas Confirms Origin of Arms Shipment

*PY1112180091 Santiago Radio Chilena Network in Spanish 1600 GMT 11 Dec 91*

[Text] Defense Minister Patricio Rojas has confirmed that the weapons bound for Yugoslavia which were seized in Hungary were shipped from Chile.

Rojas said that the subject is being handled in a very responsible manner in order to determine who is responsible for this case.

[Begin recording] [Rojas] That is all. The weapons were shipped from Chile, and it is understood that the shipment probably is the one found in Hungary.

[Unidentified speaker] [Question indistinct]

[Rojas] [Words indistinct] the circumstances under which this took place; who is involved; whether any civilians, soldiers, or national defense institutions currently are being investigated. [end recording]

Minister Rojas refused to comment on whether the weapons were shipped with the necessary authorization. When asked about this, he answered that he believes the defense minister has all the necessary information at hand.

The weapons shipped from Chile and seized in Hungary were bound for Zagreb, capital of Croatia, according to sources which confirmed that the plane that transported them belonged to a U.S. company.

The Boeing aircraft that landed in Budapest on 1 December belongs to an airline based in Florida, United States

Sources close to the Yugoslav authorities said that the necessary conditions to close a legal deal had been achieved, but an unidentified problem forced the cargo aircraft to land in Budapest.

It was then established that the documents mentioning Nigeria as the final destination were forged. The documents had to be forged because Hungary had joined the arms embargo against Yugoslavia, thus making it impossible to ship 11 tons of weapons and explosives of various origins to Zagreb.

### More Details on Arms Shipment

*PY1212030691 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 11 Dec 91*

[Excerpts] It has been confirmed that the arms shipment confiscated in Hungary left Chile with documents issued by the Military Hospital [as heard]. The defense minister said that investigations are being carried out to find those responsible for the shipment, whether civilian or military.

Many reporters gathered this morning in front of the Army Ordnance, Famae, building after learning through several reports that the arms shipment confiscated in Hungary had left from this place. It was announced yesterday that Famae today would exhibit its projects and that the Army commander would attend the exhibition. However, the Army press office today told the media that General Pinochet will not attend the exhibition and that journalists are not allowed to attend.

However, the version that the Army is responsible for this international deal is increasingly becoming stronger. This action may even cause a sanction by the UN Security Council, which ordered an embargo on the sale of weapons to Yugoslavia. [passage omitted]

It has been established that a foreign company bought the arms from Famae to send them originally to Sri Lanka, and that the 11-ton shipment consisting of LAW [Light Antiarmor Weapon] rockets and bazookas was loaded on 30 November on a charter plane from the U.S. airline Florida West. However, the airplane changed route and after trying to land in Zagreb, capital of Croatia, it had to land at the airport in Budapest, Hungary, where the shipment was confiscated.

According to reports from Budapest, the arms boxes and documents bore the seals of the Santiago Military Hospital, apparently with the purpose of camouflaging the arms to make them look like a humanitarian aid shipment. Does this mean that the Army knew the weapons' final destination? This is one of the points that must be clarified in the investigation carried out by the Defense Ministry. Another question is: How can such an arms shipment leave Chile from its main airport?

[Begin recording] [Caption identifies Air Force Chief of Staff General Ramon Vega Hidalgo] Well, without doubt, considering that the cargo was not that declared in its documents, it means they were forged documents, a serious fact.

[Unidentified reporter] General, doesn't the Air Force control the shipments in this case?

[Vega] No, the Air Force is not supposed to make this kind of control. This is a Customs problem. [end recording]

Several reports are circulating in Budapest but no official communique has been issued yet in this respect. However, it is thought that the investigation already has concluded and that the results soon will be given to the Chilean Embassy in Hungary.

Meanwhile, Army Deputy Commander Lieutenant General Jorge Lucar confirmed that an internal investigation is being carried out in his force to determine the origin of the weapons confiscated in Hungary.

[Begin recording] [Unidentified reporter] It is said that the weapons confiscated in Hungary come from Famae. Do you know anything about this?

[Lucar] No, I cannot give you a concrete answer to your question. I do have some reports, but no military information. This is, of course, being investigated. The first thing that must be done once all the information is collected is to inform the Army commander. This will probably happen tomorrow afternoon or the day after tomorrow. A complete investigation must be carried out.

[Reporter] Has a legal process been opened?

[Lucar] No, not at all. This is only an investigation as it corresponds and as stated by the defense minister. [end recording]

### 'Thorough' Investigation Ordered

*PY1012122891 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 9 Dec 91*

[Text] A shipment of 11 tons of arms, which was sent from Chile—apparently to Yugoslavia—has been confiscated at Hungary's main airport. The shipment consisted of rockets disguised as humanitarian aid, and it was bound for Croatia.

The report caused surprise among local reporters, particularly because the UN Security Council has decreed

an embargo on arms sales to Yugoslavia. For this reasons, this morning Foreign Minister Enrique Silva Cimma was consulted on the subject.

[Begin recording] [Unidentified reporter] Is the matter being investigated?

[Silva Cimma] The issue is being investigated by the Defense Ministry and we have also asked our ambassador for information.

[Reporter] Was it made clear that the government is not involved?

[Silva Cimma] I have no information on the subject. [end recording]

The defense minister held meetings all day at his office with high-ranking officers and investigations police officials. It was unofficially confirmed that a thorough investigation is being conducted. It has been leaked that when the arms shipment was exported it was sent from Pudahuel Airport not as disguised humanitarian aid—which is how it reached Budapest international airport—but in boxes accurately labelled.

Incidentally, Croatian Parliament President Zarko Domljan, whose country was the reported destination of the shipment, is in Chile.

[Begin Domljan recording in unidentified language with passage- by-passage translation into Spanish, in progress] ...but this report is not confirmed and newspapers do publish a great deal of inaccurate information. It could simply be another case of disinformation. [end recording]

The questions that must now be answered are: Who purchased the arms and how were the boxes changed. This incident can harm Chilean arms sales abroad because a resolution by the powerful UN Security Council has apparently been violated.

### Visiting Croatian Official Comments

*PY1112011491 Santiago Radio Cooperativa Network in Spanish 2200 GMT 10 Dec 91*

[By Javier Galas at Congress]

[Text] The violation of the weapons embargo only implies the violation of a human law because the law of God allows people to defend themselves, Croatian Parliament President Zarko Domljan said, regarding the shipment of weapons smuggled into Hungary. Although he said his visit to Chile is not connected with this operation, Domljan said his people are defending themselves from brutal aggression by Serbian forces.

[Begin Domljan recording in Serbo-Croatian with passage-by-passage translation into Spanish] The legitimate defense of their lives and property is a legitimate and natural right of every individual. If the embargo imposed by the UN Security Council was violated, it only represents the violation of a human law. According to the law of God, Croatia has the right to defend itself, and without weapons it cannot defend itself. [end recording]

The Croatian Parliament president said the Yugoslav Federal Army is capable of waging a 10-year war and that all the weapons factories are located on Serbian land. They were located there by a deliberate policy of the former Communist system.

[Begin Domljan recording in Serbo-Croatian with passage-by-passage translation into Spanish] If the international community were capable of protecting the lives of our people and preventing the massacre from continuing, we would not need to use weapons. We ask the international community to react in the same manner it did to protect Kuwait. [end recording]

In his speeches to the Chamber of Deputies and the Senate, Domljan said the weapons embargo against Yugoslavia imposed by the United States and the United Nations favor Serbian aggression. Domljan said he hopes Chile will be the first Latin American country to recognize the sovereignty of his country. He said this gesture would be deeply appreciated by his people, who would never forget it.

In conclusion, Domljan said the international community should immediately intervene to stop the war in the former Yugoslavia because 50 people, mainly civilians, are being killed daily.

### Croatian Official Arrives, Interviewed

*PY0912020091 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 8 Dec 91*

[Interview with Croatian Parliament President Zarko Domljan by reporter Arturo Harlem—answers given in English with superimposed translation into Spanish—date and place not given]

[Text] [Harlem] Croatian Parliament President Zarko Domljan arrived today in Chile. He is visiting in response to an invitation extended by Senate President Gabriel Valdez.

Do you think Croatia can win the war? If it does not, will it continue to uphold its current policy of independence?

[Domljan] Croatia must win the war because the people cannot lose the war. There may be more victims, but in the end Croatia will surely win the war and it will be free and independent. There is no possibility for Croatia to not win this war because it is a question of existence, and the nation and the people cannot disappear. So we have to win and we will win this war.

[Harlem] The Croatian parliamentarian notes that the Croatian people do not seek the [word indistinct] of the Serbs. They are only interested in their freedom, and this is based on the international recognition of Croatian independence and the withdrawal of Serbian forces from its territory.

[Domljan] I think the Serbian people are not guilty. Their leaders are wrong. They can be compared with Germans. Not all Germans are guilty, but in the thirties they had leaders who were wrong. So the Serbs who live in Croatia are in a very difficult situation. On one side they try to be loyal to Belgrade and on the other side they must be loyal to their country, that is, Croatia, a republic they have belonged to throughout history. They are in a very, very difficult position. But they will have to find their own way.

[Harlem] Domljan says that the Serbian minority can live in peace in Croatia. He adds that peace must return to his country some day and hatred must be overcome.

Will you ask President Aylwin to recognize Croatia's independence?

[Domljan] Because Chile is an old friend of Croatia and in view of the blood ties between our countries, I would like Chile to be the first Latin American country to recognize Croatia. It would be like a Christmas present for us.

[Harlem] Today, Zarko Domljan lunched at the Croatian stadium with some of the 130,000 members of the Croatian colony living in Chile. They are holding a campaign to send humanitarian aid to this troubled region of the world. They hope that some of this aid will reach their relatives who still reside in their native Croatia.

Zarko Domljan will stay in Chile until 11 December. From Chile he will travel to Uruguay and from there to Argentina, within the framework of a tour that mainly seeks for Latin American countries to recognize Croatian independence. This undoubtedly will help end the suffering of Croatians.

## Mexican Deputy Foreign Minister Visits

*PY1012014691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 9 Dec 91*

[Text] Mexican Under Secretary of Foreign Affairs Sergio Gonzalez has said that Chilean-Mexican trade has registered substantial growth. Gonzalez held a 2-hour meeting with Foreign Ministry officials during which a comprehensive analysis was made of bilateral ties, with particular emphasis on economic relations. The Chilean representatives were headed by Foreign Ministry Under Secretary Edmundo Vargas.

The meeting is part of a series of permanent consultations, which were agreed upon by the presidents of the two countries, Gonzalez said.

[Begin recording] Well, within the new context of relations between Chile and Mexico, the two governments have begun bilateral consultations on matters of common interest, not only political but also economic. Among the outstanding features of the new Chilean-Mexican relationship is the signing of the first economic supplementation agreement by two Latin American countries, which was highlighted by the visit to Chile by Mexican President Salinas de Gortari, in response to an invitation from President Aylwin.

This is the first of a series of meetings. I am very pleased to be once again in this sister republic, which loves Mexico so much and which is so dear to Mexicans. [end recording]

The two governments are now trying to implement the existing supplementation agreement, Gonzalez said.

The meeting's agenda included some problems that have affected bilateral trade. In this regard, an analysis was made of the fact that the two countries adopted different procedures with the agreement. While in Chile it was considered a presidential agreement, in Mexico it was submitted to the Senate, which approved it last week.

The Mexican under secretary noted that bilateral exchange has increased.

[Begin recording] Radical changes have not yet been observed. I believe changes will be gradual. Even though bilateral exchange does not yet reach $1 billion, there is intense exchange in areas like tourism. Ladeco [Chilean Airlines] and Lan Chile [National Airlines], the two Chilean airlines, are already operating in Mexico, and I should tell you that there are no empty seats on their flights.

The matter is of considerable interest to both countries. I believe that we should have patience because we will gradually see the possibilities that will be opened by this important agreement. It is so important that Mexico signed it before signing other agreements with the United States and Canada, negotiations for which began last year. [end recording]

In order to solve pending issues, experts of the two countries will visit the respective capitals in the next few days, the visitor concluded.

## Foxley Reports U.S. Wants Free Trade Accord

*PY1112203891 Santiago Radio Chilena Network in Spanish 1600 GMT 11 Dec 91*

[Report by Maria Cristina Prudant]

[Text] Finance Minister Alejandro Foxley reported that the U.S. Government has confirmed its desire to reach a bilateral free trade agreement with Chile. The minister just spent five days in Washington, where he attended the bilateral council that also was attended by U.S. Trade Representative Carla Hills.

[Begin recording] Regarding our bilateral relations, the United States very clearly promised to reach a bilateral free trade agreement with Chile. We have discussed the steps we must take in the future to achieve this goal, which consist of continuing to technically analyze the various sectorial topics that will be formally studied. [end recording]

Foxley said that after signing an agreement with Mexico and Canada, which is entitled (?Nafta), the United States will negotiate with Chile. The (?Nafta) Agreement currently is being discussed.

The finance minister said the two countries expect to reach an agreement on free trade by 1993.

### President Announces Large Credit From World Bank

*PY1212012891 Santiago Radio Cooperativa Network in Spanish 2300 GMT 11 Dec 91*

[Excerpt] President Patricio Aylwin has announced in Chiloe that the Chilean Government has obtained a $10 million credit from the World Bank to finance a program for legalizing irregular property titles. He said that all of the more than 100,000 irregular property titles that exist in Chile can be legalized in four years time. However, he said, the program cannot be completed during the current administration since it is scheduled to last four years. The next government will have to finish it, the president told Chiloe settlers and peasants. Aylwin also spoke about the farmers' debts to the State Bank, which, he said, is a bank like any other. [recorded passage omitted]

### Deputy Views Possibility of Military Reform

*PY0912223491 Santiago EL MERCURIO in Spanish 30 Nov 91 p C3*

[Text] Concepcion—Chamber of Deputies President Jose Antonio Viera-Gallo has said that "it is not possible to carry out reforms against the Armed Forces," and that any reform "must be born with the evolution of society and in accordance with the development of new civilian-military relations."

He recalled that the president has "a just position" on this issue from the viewpoint of a democratic theory when he said that he as president has the right to run the defense policy, and therefore appoint and transfer high members of the Armed Forces.

Viera-Gallo said: "Everyone knows that the current civilian-military structure is based on a determined historical period and is characterized by the relative autonomy of the military institutions in relation to public power, the elected democratic power."

He added that to overcome that structure it is necessary to have a consensus between civilian and militay officials "because it is not possible to carry out reforms against the Armed Forces. The reforms must be born with the evolution of society and in accordance with the development of new civilian-military relations."

He said that it should be kept in mind that after the 1891 civil war it took many years for Chile to return to a normal civilian-military structure and that under the current circumstances after "a traumatic rupture" of the democratic institutions "we hope that this time it will not take as long as after that civil war."

Viera-Gallo said: "I believe that the position expressed by the president can be achieved in the next few years depending on the evolution of relations between civilian and military officials."

### Leftists Create Allendist Democratic Movement

*PY1012234291 Madrid EFE in Spanish 1627 GMT 10 Dec 91*

[Text] Santiago, 10 Dec (EFE)—Official sources reported on 10 December that Chilean leftist parties and groups have created the Allendist Democratic Movement [Movimiento Democratico Allendista] (Mida) in an attempt to build a political alternative, and in the future, a "popular government."

In its first public statement, Mida accused the coalition government, made up of Christian Democrats, Socialists, and coalitions of the center, of "strengthening the inequalities and implementing measures that especially hurt the workers."

The movement's creation was agreed upon in a general meeting last weekend during which a National Council was named. This council is made up of 80 people, among them Communist Party President Volodia Teitelboim, Socialist Deputy Mario Palestro, and the former economy minister under Salvador Allende (1970-73), Pedro Vuskovic.

The first task of Mida will be the municipal elections scheduled for June 1992, elections in which participating organizations will present their candidates in the Communist Party's list, the only political group of the coalition that has legally registered.

Pedro Vuskovic, former Unity of the Left Committee (CUI) president, stated that the objective is not only to participate in the municipal elections but to be "a left that will be projected toward the future with prospects of achieving power, to then reach the organization of a popular government."

In its first political statement, Mida harshly criticized the "neoliberal" economic policy of President Patricio Aylwin's government, and adds that the macroeconomic indicators do not show the real situation of the poor in the country.

Socialist Party President Ricardo Nunez stated that the case of Deputy Palestro, who joined Mida, will be treated by the party's Political Commission, the most important group of the Chilean left, and which is part of the coalition.

Nunez lamented Palestro's decision, contradicting the line of socialism that does not want its active members to participate in groups outside the coalition.

## Colombia

### Salvador's Cristiani Reports on Peace Talks

*PA1012034791 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 10 Dec 91*

[Report by Raul Gutierrez]

[Text] The president of El Salvador was in Bogota on 9 December. He came, had lunch, and left. During the two hours he spent here, he informed Cesar Gaviria about the state of the negotiations with the Salvadoran guerrillas. Here is Raul Gutierrez with the details.

[Gutierrez] At the conclusion of his meeting with President Gaviria, Salvadoran President Alfredo Cristiani said that there could be a definite agreement with the Salvadoran guerrillas before the end of the year.

Colombia, Mexico, Venezuela, and Spain compose the so-called Group of Friends of the Secretary General of the United Nations that support the negotiations between the Salvadoran Government and the Farabundo Marti National Liberation Front [FMLN]. This is the reason why President Cristiani visited Colombia. He has already left for Caracas.

The guerrilla war in El Salvador has been going on for 14 years and 80,000 persons have died as a result of that war. This year the peace process has been moving smoothly and there have been direct talks abroad with the support of the United Nations.

[Begin Cristiani recording] I do think that an agreement is feasible. I think that it can be reached before the end of the year. This requires reasonable positions and the disposition to be flexible and open to secure peace. This is the spirit we would like to find in New York. [end recording]

The decisive meeting between the Salvadoran Government and the guerrillas will take place on 15 December.

### ELN Dissident Rebels Deny Usme Massacre Charge

*PA1212032991 Santa Fe de Bogota EL TIEMPO in Spanish 6 Dec 91 p 8A*

[Text] The Socialist Renewal Movement, a dissident group of the National Liberation Army [ELN], announced on 5 December that none of its members participated in the massacre of judicial officials in Usme, contrary to what the leadership of the Revolutionary Armed Forces of Colombia [FARC] has insinuated.

This ELN faction has said this crime does not coincide with its "ideology and political position in the search for peace."

The movement denounced the execution of several of its militants in various parts of the country by FARC. The movement mentioned the cases of Juan Crisostomo Alvarez, murdered in Segovia, Antioquia, by the Bolivarian Militia of the 38th FARC Front; and Claudia Vargas and Luis Acevedo, killed on 16 November in Medellin's Santa Cruz neighborhood by FARC people on charges that the victims were "traitors of the guerrilla movement."

The movement deplored that the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] has not honored the peace commitments it assumed in Caracas.

Meanwhile, a CNGSB front has denied participating in the Usme massacre in which eight judicial branch officials were murdered.

The 27th FARC front has issued a communique denying responsibility for that crime. It blamed a "paramilitary group controlled by the School of Artillery."

In a message sent to EL TIEMPO, this FARC front said that the paramilitary group "was created one year ago when the Army invaded the region of Sumapaz." The FARC message added that the paramilitary group "has its base at km 10 of the Usme-San Juan de Sumapaz Road."

In addition to denying its participation in the crime and repudiating the action, the 27th FARC front announced that it will make every effort to clear-up the crime and to "punish the people responsible."

### Peasant Self-Defense Members Surrender

*PA1212020791 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 3 Dec 91 p 1*

[Text] Another 700 members of peasant self-defense groups surrendered to the authorities on 2 December in Puerto Boyaca, Middle Magdalena.

An official report states that members of these organizations were freed on parole and must periodically appear before the judicial offices. They defended themselves on charges of association to commit a crime and illegal possession of weapons.

The government reported that seven leaders belonging to self-defense groups in the departments of Meta and Caqueta appeared before a judge to surrender their weapons and confess the crimes of illegal possession of weapons and association to commit a crime.

It was reported that the seven leaders who surrendered advised the authorities that there would be a surrender of militants en masse in that region of the country in the next few hours.

Meanwhile, relatives of people kidnapped by self-defense groups in Middle Magdalena asked them to free the kidnapped.

The massive surrender of self-defense group members took place as President Cesar Gaviria reaffirmed before the congress that the government's main objective is to bring peace to the entire country.

## Attack on Andean Pipeline Causes Oil Spill

*PA0912231791 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 3 Dec 91 p 22*

[Text] The Camilist Union-Army of National Liberation (UC-ELN) dynamited the trans-Andean oil pipeline, causing a loss of over 10,000 barrels of crude. The oil spilled into the Guiza River, which flows to Tumaco, Narino.

The Colombian Petroleum Enterprise (Ecopetrol) reported that the attack took place at approximately 1030 [no date as published] at km 150 on the line, at El Guavo, near Piedra Ancha.

The trans-Andean pipeline carries crude from Orito, in Putumayo Department, to Tumaco on the Pacific coast.

The exact site of the terrorist attack was a point where the pipeline runs down a slope in the Andes mountains, which aggravates the situation.

Specialized Ecopetrol teams have gone to the site of the break to evaluate the extent of the damage. It is believed that over 10,000 barrels of crude were lost as a result of the attack.

The oil spilled into the Guiza River, which flows into the Mira River and then into the Pacific Ocean.

As is known, the Mira River supplies water to the port of Tumaco and other towns in the area. Ecopetrol indicated that this represents a threat to all sources of water in the area.

At the time of the terrorist attack, oil was being pumped through the trans-Andean pipeline at a rate of 60,000 barrels a day. The Ecopetrol officials announced that pumping has been suspended pending completion of all repairs and technical tests.

The trans-Andean pipeline is 310 km long between Orito and Tumaco. It crosses the Andes and has a maximum capacity of 100,000 barrels a day. It carries oil that is produced in Putumayo Department, as well as some Ecuadoran crude from Lago Agrio. The authorities reported that this pipeline is operated by Ecopetrol's Southern District headquartered in Orito.

The UC-ELN criminals have reportedly fled into the mountains. Joint Army and National Police patrols are pursuing the terrorists, but have been unsuccessful so far.

In the past few hours, military authorities thwarted an attempted terrorist attack on the Cano Limon-Covenas oil pipeline in Norte de Santander Department by defusing a powerful dynamite charge. An official report indicated that the charge consisted of 70 kg of dynamite.

## UP Dissidents Form New Leftist Party

*PA1212032491 Santa Fe de Bogota EL TIEMPO in Spanish 8 Dec 91 p 8a*

[Text] The name of the new leftist movement formed by Patriotic Union dissidents is "Democratic Power" [Poder Democratico]. It will be headed by Carlos Romero, Roberto Saenz, Henry Botero, Ivan Benjumea, and Oscar Gonzalez. The presentation of the organization's general directives will be held at the President Hotel on 10 December. Apparently, the new party will work with the AD M-19 [19 April Movement Democratic Alliance].

## * Compositon of Newly Elected Congress Analyzed

*92SM0115A Santa Fe de Bogota SEMANA in Spanish 29 Oct 91 pp 33-36*

[Text] The election results proved that what still remains to be changed is more than what has changed.

The only absolute winner in the recent elections was Alberto Montoya Puyana. He received the largest liberal vote, obtained nearly half of the vote of the National Salvation Movement, and almost one-third of the votes of M-19 [19 April Movement] and of the New Democratic Force. The latter groups were practically political parties, with single lists. Montoya succeeded in obtaining all of this without making commitments of any kind. He was not known nationally, nor was he a favorite of the communciations media. His list was his own. It was regional and independent, did not include persons invited for strategic reasons, and was not based on opportunistic coalitions.

Apart from him the other winners made only relative gains. The M-19 movement hoped to obtain 20 percent of the vote. It obtained less than half of that. Although, compared to the outgoing Congress, its representation went up from Vera Grabe, its only representative in the House of Representatives, to nearly 10 percent of the membership of each house, the reality is that, compared to the Constituent Assembly, its vote declined from 27 percent to about one-third of that. For all of these reasons there was music but no great rejoicing at M-19 headquarters on election day.

Nor was there rejoicing at the headquarters of Andres Pastrana. If we keep in mind that three months ago his movement did not exist and that now it is regarded as one of the major forces, it was a great victory. However, if we consider that he hoped to consolidate his presidential candidacy and to replace the conservative movement for all practical purposes, his victory was much less clear. Basically, all of his supporters hoped to obtain a minimum of 15 seats and were left with barely eight. Regarding presidential possibilities, the view of well-informed sources is: although he was tied with Vera Grabe, Navarro wiped him out.

Regarding the Liberal Party, it swept the elections. However, not as a single party but rather as a shapeless

mass of votes. If it was necessary to use one expression to describe the Liberal Party, it would have to be that it is "a successful kind of chaos," but, even so, chaos. And although in theory the president could say that he changed the constitution and brought his party into office with a majority, there is no guarantee that this majority is on his side. The Liberal Party represents traditional politicians as a group. It was opposed to the dissolution of the previous Congress and felt betrayed when it asked Gaviria for help and he lined up on the other side. As the new members of Congress cannot hope to become ministers, ambassadors, or provincial governors and the regional or municipal bureaucracy no longer depends on the president—since governors as well as the mayors of towns are now to be elected by popular vote—no one is going to put his hand into the fire out of loyalty to the president. This is particularly true if we bear in mind that there is a desire for revenge on the part of each of the members of Congress who came out of the elections tired out, supported by fewer votes, and with less money in their pockets. Political observers speculate that, in terms of loyalty, the members of the M-19 list are more reliable than the lists of resentful liberals.

If there was only one absolute winner, there was also an absolute loser: Alvaro Gomez Hurtado. In his case the man who called for the dissolution of the outgoing Congress was himself dismissed by the voters in the elections. Navarro, his ally in this undertaking, succeeded in increasing his representation in the Senate from zero to nine, while the MSN [National Salvation Movement] succeeded in reducing his representation from 14 to five. It is even more regrettable that, in the last analysis, out of these five, apart from his brother, only two are members of his political group, whereas in the previous Congress all 14 members of his faction were his supporters.

In view of the disappearance of Gomez Hurtado as a political force, it would have been logical to look for a resurgence of the traditional Social Conservative Party of Misael Pastrana. This did not happen. Those who might have been his main supporters, angered by the split caused by his son, refused to allow themselves to be counted at the side of their former leader. Now the conservatives refuse to be categorized as supporters of either Alvaro Gomez or Misael Pastrana and almost all of them insist that they are independents.

The consequence of all of these developments is that the next Congress is going to be made up more of individuals than of parties. The previous problem was the lack of ideological boundaries between the two political parties. The problem from now on is that there are no parties. For the moment the electoral map of the country looks like that of a majority party having no electoral unity or ideological consistency and is rather a series of forces made up of a number of parties which are even less coherent, despite their electoral unity. The intention of the reformers to abandon the two party system was achieved, but in the opposite sense of what had been planned. In place of three or more comparable forces remaining and ending the primacy of the liberal movement, what was achieved was to raise the liberal movement very nearly to the status of a single political party, through the splintering of what was the second largest political party in the country.

What is paradoxical about all of this is that the composition of the new Congress is going to be almost identical with that of its predecessor. In the new Congress 60 percent of the members will be liberals, about 30 percent will be conservatives, and 10 percent will consist of independents and minority groups. That was the situation before the dissolution of the old Congress, and that is what the situation is now. The difference is that a large proportion of those people lined up where they did not belong, under the pretext of creating a new Colombia. It was more logical for Mario Laserna to have been elected on a Misrael Pastrana list. It was also more logical for Pedro Bonnet to be in second place on a list headed by Turbay Jr., who is a Center-Right liberal like him, and not as one of the supporters of Navarro. It was not only more logical but more appropriate that Hugo Escobar Sierra should have Jose Raimundo Sojo or Jorge Valencia Jaramillo on the electoral list prepared by Alvaro Gomez. It was also more logical for Claudia Blum to be on the Galan list prepared by Jose Blackburn than to replace Pastrana supporters with the kind of record and experience of Paulo Laserna and Juan Hernandez Celis. And the same thing could be said of many others who, since they could not run for their original political parties, which had disappeared, succeeded in being recycled by their enemies.

It could be said that all of this confusion was justified in view of the fact that one of the new political forces consisted of a list made up entirely of former guerrillas who laid down their weapons in exchange for the possibility of peacefully taking part in the system. This did not happen. The M-19 list was marked by the absence of guerrillas and the inclusion of former enemies. Finally, there were no more than three former members of that subversive movement on the M-19 list. It would have been more logical, for example, if the Liberal Party had provided space on one of its lists for those three former guerrillas than for Vera Grabe's list to include representatives of the very establishment which the guerrillas could not defeat by force of arms.

And if the objective was to replace the old Congress, the results are not exactly gratifying. Historically, the number of new figures coming into Congress after elections had been relatively high. After the previous elections new figures amounted to about 50 percent. In other words the Congress which everyone wanted to replace included the largest number of new members in the history of Colombia. The Congress which replaced it has many fewer, newly elected members, since only about 30 percent of those chosen in the elections of 27 October did not served in the outgoing body.

As far as names are concerned, the following, traditional figures of the political elite returned to office: Victor

Renan Barco, Jose Name, Maria Izquierdo, Aurelio Iragorri, Tito Rueda, Humberto Pelaez, Tiberio Villarreal, David Turbay, Felix Salcedo Baldion, Alberto Santofimio, Roberto Gerlein, Rodrigo Marin, Samuel Escruceria, Gabriel Melo, and Omar Yepes, to mention only a few of them. Practically the only regional political boss who was defeated was Oscar Velez Marulanda. All of the others were returned to office. Many candidates were defeated, but there they are.

All of these people are returning to Congress but in a more individual capacity than they had in the past. A Congress of individuals and not of parties, at first sight, is the greatest change caused by the so-called overturn. There is no ideological coherence, no line of command, and no required loyalties. Every political debate will basically be resolved by temporary coalitions, very probably controlled by considerations of the moment.

What is certain is that there is no coherent opposition. As on all of the lists there were friends and enemies of the government, no group has a legitimate right to picture itself as an alternative to the government, with the moral authority of not having had anything to do with the conduct of the present administration. All of the political groups want to be represented in the cabinet, and almost all of them will be included. There is going to be a minister supporting Alvaro Gomez, a minister supporting Misael Pastrana, and a minister supporting Andres Pastrana in the new cabinet. Probably the number of cabinet ministers from the M-19 movement will increase from one to two. Perhaps the only group which will not be represented is the traditional Left, led by Hernan Motta who, because he is a political orphan and lacks allies for his systematic criticism of the government, will end up by becoming the leader of the opposition.

If we bear in mind that traditionally it has been said that the lack of an opposition in Colombia has been the greatest problem in the political system and that the guerrilla war was the result of this situation, we would have to come to the conclusion that this is still a concern.

So what changed? What is the new Colombia? It is clear that, although the recently elected Congress may be a copy of the body which the Constituent Assembly dissolved, it is certain that the powers of the new Congress are quite different. The powers of investigating the executive branch of the government and regaining the initiative on spending, as well as its legislative functions, are new and will necessarily constitute a difference by comparison with the previous situation. Furthermore, the fact that the appointment of members of the Congress as cabinet ministers and ambassadors is prohibited will require members to become professional legislators and will prevent, to some extent, their using Congress merely as a springboard for better, political positions.

Nevertheless, an element which almost no one has taken into consideration is the fact that on 27 October not one but two Congresses were elected. It is almost certain that in the course of the final year of this parliamentary term the majority of the names which appeared on the ballot will not be seated in Congress. There are two reasons for this. In the first place, the fact that there are no designated replacements for seated members does not mean that reciprocity agreements have disappeared. With the exception of the single name election lists, a large number of members of Congress who were elected negotiated with the person appearing next on the list what they formerly negotiated with their designated replacements: a legislative peace offering. Whereas previously the absence of the principal member of Congress opened the way for his designated replacement, now the same thing will happen with the first person on the list who was not elected.

However, as if this were not important, the system of limitations on members of Congress is so extensive, under the new constitution, that six, unjustified absences from a session are a basis for exclusion from Congress for life. This practically means one absence per year. As it is certain that, by the end of the life of the present Congress, many members will be close to being excluded, they will be absent, with justification, to open the way for the next, unelected member on their list. Therefore, by 1994 Congress will be made up, in large part, of those who appeared to have been defeated on 27 October.

Where immediate and real changes have taken place is in the field of governorships. Like the popular election of mayors promoted by the administration of President Betancur, the popular election of governors is a democratic step forward of substantial significance. One of the last elements of the centralized organization of the state imposed by Nunez and Caro has been disposed of. From now on state governors will no longer depend on the president but rather on the voters. The same thing will happen with the whole bureaucracy, which previously was one of the negotiating weapons which the central government had available to keep members of Congress in line.

In terms of governorships all of the political groups claimed victories. The liberal movement claimed that keeping 17 governorships was a triumph. M-19 claimed nine of them, and the MSN claimed to have won four. All of them claimed that, in some way, these were their victories. However, the fact is that the new institutions are causing a series of political readjustments in the various departments which, in immediate terms, resulted in the defeat of members of Congress—such as Bernardo Guerra—who hoped to be governors and in the emergence of coalitions. This is the formula used at present to defeat the political hegemony exercised by old local leaders, who had become absolute masters of those regions.

The elections of 27 October were the first trial by fire of what the government and the Constituent Assembly called participative democracy, which is the keystone of the new constitution. However, popular participation was much greater among those who wanted to be elected

than among the voters themselves. This resulted in a level of abstentionism which is within the range of the historic average in the country but above that in the elections for the outgoing Congress. Some eight million people voted for the outgoing Congress, compared to five million on 27 October. Despite the fact that, at least for the time being, we cannot properly speak of definitive change and a truly new Colombia, what is certain is that in people's minds there is a different spirit. Everyone places his or her hopes in the few new figures elected and in the reshuffling of the political groups. Everyone thinks that by making a small effort traditional Colombian customs can be changed. This provided the impulse which led to the convocation of the Constituent Assembly which, in turn, prepared the new constitution. As all of this remains to be done, for the moment people are simply betting on the idea of "Yes, it can be done." In political terms perceptions are more important than reality. And the perception in the minds of the people is that things are changing.

### * Development Minister on Economic Outlook, Plans

*92SM0128A Santa Fe de Bogota EL TIEMPO in Spanish 17 Nov 91 p 3A*

[Interview With Economic Development Minister Jorge Ospina Sardi by EL TIEMPO economic editor Silverio Gomez C.; place and date not given: "More Union Leadership Is Needed"; first paragraph is EL TIEMPO introduction]

[Text] The minister of economic development acknowledges that there is dispiritedness among businessmen. But he urges them to take advantage of opportunities abroad. Housing is to be a priority program for dealing with social problems of the liberalization. An interview.

Minister of Economic Development Jorge Ospina Sardi, 44, an economist, will be listening to complaints from worried businessmen, in the spacious and comfortable new offices, located in the Bogota International Center's remodeled Bavaria Building, that were left to him by his predecessor, Ernesto Samper Pizano.

The economy's decline, which, according to the experts, will continue over the next several months, together with the prospect of an increase in unemployment, make for an outlook whose bleakness contrasts sharply with the brightness and clarity of Julio Mario Santodomingo's former office.

Ospina, a scholarly observer of the economy, and one who speaks his mind candidly, will have to devote many hours to the problems of industry, domestic trade, tourism, and housing.

[Gomez] Do you think there is discouragement in business circles?

[Ospina] I recognize that there is a dispiritedness among businessmen. But one of my main concerns will be to restore their confidence in our economic policy. On the other hand, they too must understand that the opening up and internationalization of our economy necessarily involves risks and uncertainties. It has made their work more difficult for them, and things less predictable, but it also ushers in new trade opportunities, a new concept of business, of production systems, and of forms of financing. The government recognizes that the liberalization of the economy entails some hardships, as the president of the Republic himself has pointed out.

[Gomez] And what is your view as to the stability of our economic policy, concerning which there are so many complaints?

[Ospina] It must be understood that no one has the magic key to economic management. There are circumstances that cannot be foreseen and that often constrain the managing of a given set of economic conditions.

This effect and that instability must, of course, be minimized. If the premises and projections are mistaken, then the economic policy stemming from them will be subject to instability. This is why I believe that there must be discussion within the government on projections and policies, so as to optimize the results and maximize stability in the rules of the game, and in this way to gain total credibility among those who take part in the economic process.

[Gomez] What part will you play in the economic management plan?

[Ospina] I believe that, like the minister of foreign trade, the one who holds this portfolio must be involved in the designing of macro policy, because personally, I consider that the best industrial policy is a good macroeconomic policy. Coordination and complementary action within the government is a key to the success of a given economic policy as a whole.

I am not just a sectorial minister. I have the advantage of knowing the government's macroeconomic posture, and I reiterate that it is essential to analyze all short-, medium-, and long-term projections, so as to ensure maximum coordination and credibility.

[Gomez] Do you anticipate an alliance with another specific ministry?

[Ospina] The alliance is that of the President Gaviria Administration's entire economic team. In this sense, no one represents anyone, regardless of my being a minister with membership in the Democratic New Force [NFD], and of the notable concurrence, in many respects, between the party's platform and thinking and President Gaviria's.

But I believe that with the minister of foreign trade we have several complementary and mutually supportive, points in common, in our understanding that our exporters are just as much industrialists and merchants as are our importers. Economic internationalization will provide a key to a common ground with that ministry.

[Gomez] Customs duties have already been lowered. What is next on the liberalization front?

[Ospina] The process that follows this initial step is of unprecedented importance. Business opportunities at the international level are presenting themselves, and I think that Colombian businessmen need to think seriously in these terms.

I was in Venezuela a few days ago, and its leaders see our country as an opportunity. Colombian businessmen must look outward with the same mental attitude. The opportunities are vast, and we must neither be pessimistic nor hastily underestimate our capabilities. We must get our act together.

But the opening up of our economy goes much farther and reaches into other sectors, such as the financing of our modernization. True, the government has committed and will continue to commit large credit resources to the process, but the process requires that businesses seek new forms of financing, such as the issuance of capital shares, for which there are tax incentives. Unemployment and pension funds are also a very significant source of financing.

There are, however, also vast potentials for linkups between national firms and international investors. Today, for example, foreigners are showing greater interest in investing in Colombia than our national firms are showing in teaming up with them.

There are problems, of course. But the country's economic potentials are abundantly clear. For the first time, we have before us a decade free of hard-currency exchange problems.

[Gomez] What do you think of the social housing plan?

[Ospina] It is essential, and its consolidation will be one of the Economic Development Ministry's banner accomplishments. It is a well-thought-out program. It is already mounted, and it will receive maximum impetus.

I believe that the housing construction industry requires a very sizable shot in the arm. Not only because it has been in a slump for so many months, but also because, during bad times, the sector acts as a corrector of the slump in aggregate demand, and by the same token, from the social viewpoint, it can correct the short-term negative impact of the freeing-up of the economy. Next year, housing construction will be a basic pillar of the economy.

[Gomez] Will small firms be able to hold out?

[Ospina] I am now in the process of examining in detail the various issues within the purview of my ministry. Here, our industrialists, merchants, and businessmen will have a minister with open doors and ready to hear their proposals.

In the case of small, medium, and micro businessmen, there are some very important funding instruments, such as the Popular Financing Corporation and the Guaranty Fund. The Corporation has gained credibility and is in the midst of a successful privatization process.

But also, businessmen and we the government must study innovative approaches to the future in areas such as technological modernization and the development of new markets. The same is true in the tourism sector.

[Gomez] What will be your relationship with the unions?

[Ospina] Union views are very helpful to the government. But the government needs union leadership with unified views rooted in the rank and file. Let us be realistic: The government's ministers cannot possibly satisfy the independent positions of some hundred unions, each waving its own portfolio of different demands.

The opening up of the economy also requires efficiency in the give and take of discourse, which can be achieved in various manners, using free and clear channels of communication. I am thinking out loud on this subject with the utmost constructive spirit, and I believe that many leaders think likewise.

[Gomez] From a bureaucratic standpoint, how do you intend to manage the Economic Development Ministry?

[Ospina] There are some very efficient civil service officials, beginning with Deputy Minister Juan Manuel Turbay, to whom I give public recognition. Our commitments are to programs and ideas, not to bureaucracy. President Gaviria's Administration and the NFD both believe in this.

[Gomez] Is there much red tape in your ministry?

[Ospina] Tentatively, in line with the views that President Gaviria has expressed, I intend to carry out a major shake-up of our policy-setting and regulatory functions with respect to trademarks and patents, and with respect to registrations and permits. That is part of our internationalization program, and the private sector is right when it argues that there can be no real opening up of our economy unless our government administrative machinery is modernized.

### * Industrialists Criticize Economic Reform Plans

*92SM0128B Santa Fe de Bogota EL TIEMPO in Spanish 8 Nov 91 p 4B*

[Text] Prices of manufactured goods have risen the least. The National Association of Industrialists [ANDI] blames the government's erratic measures for the breakdown of the economy, saying that the only certainty about the situation is its uncertainty. It calls for a revision of growth projections, terming them "too optimistic."

The country's high rate of inflation, 29.25 percent for the last 12 months, has been generated fundamentally by the government's changing economic measures and the

raising of public service tariffed rates, and not by the rise in prices of manufactured goods.

This assertive affirmation was made yesterday during the ANDI meeting being held in Bogota, in a document in which the Association analyzes the economy's performance and sets forth some proposals for 1992.

The study, drawn up by the Association's Office of the Vice Presidency for Economic Affairs, asserts that prices of manufactured goods are the only ones to have slowed their uptrend, posting the lowest rate of increase.

During the first nine months of the year, farming and livestock products rose 24.1 percent, services rose 24 percent, and government goods and services rose 29.6 percent. On the other hand, the prices of industrial products rose an average of 18.7 percent.

This trend held throughout the 12 months studied, September to September. Farming and livestock prices rose 34.7, services 29.6 percent, government services 42.4 percent, and manufactured goods 26.9 percent.

**Optimistic Goal**

The ANDI analysis finds that the inflation-control objective was too optimistic. When the intent to hold the rate down to 22 percent was first mentioned, two-year collective agreements had already been signed with the unions, public service rates and devaluation had already risen 30 percent, and the cost of development loans had risen significantly.

"In the face of the foregoing considerations," says the study, "the goals lost credibility, and all the more so as the economic authorities themselves promulgated excessive increases in the rates for public services. Electricity rates rose 80 percent near the end of 1990, and gasoline prices around 10 percent. These situations actually fueled the inflationary process.

The assertions by the country's leading economic association coincide with Economic Development Minister Ernesto Samper's acknowledgment on Wednesday, when, in his opening speech to the assembly, he stated that, responsibly and serious-mindedly, "the industrialists committed themselves and delivered on their commitment under the Social Pact to not raise the prices of their products more than 22 percent." "Moreover," Minister Samper pointed out, "in 1991, inflation will not rise any higher, thanks to the government-industrial sector agreement that gave rise to the Social Pact."

The ANDI asserts that, contrary to the belief held by some, business is concerned about inflation. It points out, however, that the curbing of inflation will require that 1992 rate rises for the goods and services provided by the government be commensurate with the goals that have been set.

**Erratic Management**

The ANDI document reiterates that economic management has been erratic, and characterized by much experimentation. It cites, for example, that having urged the country to export, the government immediately enacted measures discouraging that activity.

It asserts that foreign account imbalances are not as attributable to imports as some maintain. They stem more from the inflow of dollars, which seek higher returns and are not even concerned with exchange rates.

It argues, therefore, that the needed economic measures must be designed around and based on not only legal transactions, but also the speculative flows generated by economic policies.

"The greater the difference between the official exchange rate and the exchange market rate, the greater the effect on exports and the incentive to import hard currency because the difference between foreign and domestic yields increases."

Referring to the government's most recent measures, which tighten credit, extend the maturity of exchange certificates to one year, and raise the discount rate to 12.5 percent, the ANDI states that the economic discomposure is of such magnitude as to make it "seem that the only thing that remains stable is the uncertainty." And it adds that ample room has been created for speculation, because the economic measures themselves are what upset the economy.

It also calls for a revision of the government's economic growth projections for the next several years, because "they are too optimistic."

It asserts that unexplained expectations, or expectations clearly unrelated to reality, like those pertaining to future growth of the GDP, only contribute to a greater degree of uncertainty and a loss of credibility in the country's economic policy.

**[Box, p 4B]**

**Calls for Action**

Yesterday, the ANDI drew up a list of calls for action by the government to end the country's economic recession, with its slumps in industrial production, trade, and mining, and stagnation in the farming and livestock sector.

Industry shows a 2.5 percent drop in production (without coffee production figures), attributable to the depression in 15 manufacturing subsectors.

To improve the outlook for 1992, the Association calls upon the government to:

—Ensure stability in its economic policy, and develop a permanent spirit of consultation with a view to agreement on concerted action.

—Instead of paying the high cost of raising funds through the Bank of the Republic, transfer that cost into the importation of machinery and equipment to pre-pay the country's foreign debt.

—Render its exchange rate policy more transparent and maintain a balance between domestic and foreign interest rates.

—Permit the use of exchange certificates to pay for Proexpo [Export Promotion Fund] loans or customs duties on imports of raw materials, machinery and equipment.

—Pay interest on one-year exchange certificates.

—Speed up the process of privatization of state-owned businesses, and reduce public spending.

—Control tax evasion and improve the collection of revenues to reduce the impact of tax reforms.

—Lower the rates on government-provided goods and services to levels commensurate with inflation-control objectives.

### * Currency, Exchange Reforms Prompt Criticism

*92SM0116A Santa Fe de Bogota SEMANA in Spanish 5 Nov 91 pp 42-43*

[Text] "An assault on national production" is the way the National Association of Exporters (Analdex) described the monetary and exchange measures taken last week by the Bank of the Republic Board of Directors. In the opinion of exporters, the revaluation of the peso, added to the recently decreed lowering of tariffs, makes it extremely difficult for national production to compete on the domestic market as well as the international market.

Exporters were not the only ones complaining, however. On the contrary; rarely has there been such unanimity among the trade associations with regard to a government measure. According to a communique issued by the National Trade Association Council, the measures will be very traumatic for the productive sector. The council's members include the Colombian Association of Small Industries (ACOPI), the Colombian Association of the Plastics Industry (Acoplasticos), Analdex, the National Association of Industrialists (ANDI), the Bankers Association (Asobanc), the Association of Colombian Sugarcane Growers (Asocana), the Colombian Chamber of Construction (Camacol), Fasecolda, the Association of Colombian Cattlemen (Fedegan), the Colombian Metallurgical Federation (Fedemetal), the National Federation of Businessmen (Fenalco), and the Association of Colombian Farmers (SAC).

And the coffee growers were not to be left out; they also released a communique joining with all exporters to protest a decision which, in their opinion, "constitutes an unjustified punishment of those who have made personal efforts and faced tremendous risks to contribute to the development and greatness of the country by generating employment and foreign exchange earnings, and who are now being treated with surprising contempt."

All were unanimous in complaining about the constant changes that the government has been making in the management of the economy, to the detriment of the productive sector. But unlike previous occasions, this time the finance minister was not the only target. This time the "bad boys" were the directors of the Bank of the Republic. According to the Trade Association Council, the country had been looking forward to the appointment of the board, hoping it would lend stability to monetary and exchange measures. But "this hope has been dashed so far by the new uncertainty created by the almost weekly changes in the rules of play."

And, in fact, the measures that caused this uproar are contained in two resolutions by the Central Bank Board of Directors. The first one maintains the mechanism of exchange certificates as a means of payment for the proceeds of the country's exports of goods and services (a measure introduced by the government three months ago), expands the redemption period from three to 12 months, and establishes a discount of 12.5 percent for those who wish to exchange them for pesos immediately. The second measure increases the reserve requirement for checking accounts from 35 to 41 percent, and that of official deposits from 60 to 70 percent.

In practice, the first measure amounts to a revaluation of the peso against the dollar, equivalent to the discount at which the certificates are finally negotiated (analysts expect it to be around 10 percent). The second one imposes a restriction on bank credit, which comes on the heels of one imposed recently by the board of directors when it forced banks to increase their own foreign exchange positions. All of this is designed to control the expansion of the money supply, which had been growing at a rate of more than 33 percent in recent days.

The measures will undoubtedly have a very high cost for several production sectors. Coffee growers, for example, will have to run an additional deficit of nearly 80 billion pesos in the National Coffee Fund. And other exporters will see their income shrink by amounts that will ultimately depend on the discount at which the certificate is negotiated, and on the future devaluation. But for those who exported goods recently and had not turned in their foreign exchange earnings, or for those who had made commitments based on the exchange rate prevailing last week, these measures represent at the outset a loss of more than 10 percent of sales made abroad.

For the government, however, and for the members of the board of directors, the measures were absolutely unavoidable if we were to prevent a burgeoning of the money supply between now and the end of the year, with the inevitable inflationary consequences. When the measures were taken, the money supply was growing at a rate

of 33 percent annually. And the pressures of the final quarter threatened to drive that rate up above 45 percent. Indeed, at this time the exchange certificates issued in August are maturing, and they are valued at more than 480 billion pesos. Moreover, there is additional pressure from the General Treasury of the Republic because of the end-of-year expenses and bonuses, which account for about 230 billion pesos. Also, many of the bonds issued throughout the year to maintain the controlled market are now maturing. And there is no additional source of foreign exchange, given the trends that have been seen throughout the year.

All things considered, according to the studies made by the bank directors, if nothing had been done to prevent it, the money supply would have grown by 1.2 trillion pesos by the end of the year. The government had set a goal of keeping that growth to below 430 billion pesos. This meant that 740 billion pesos had to be frozen to avoid an inflationary spiral. To accomplish this objective, the directors turned to the available alternatives: increasing the banks' dollar position, raising the reserve requirement, giving a bonus of 9.5 percent to those who do not redeem the certificates issued in the last few months, demanding greater fiscal austerity, and continuing the open market operations.

But that would not be enough if the principal element of pressure on the money supply, foreign exchange income and monetization, were allowed to continue freely. For that reason, it was decided not only to keep the exchange certificates, but also to expand their terms. And this was done knowing that such a measure would lead to a revaluation of the peso. In the opinion of the government and the members of the board, recent events such as the devaluation of the dollar against other currencies, the greater devaluation of the peso, and the interruption in the domestic inflationary trend had provided a cushion that would allow the peso to be revalued without seriously affecting the competitiveness of exports. And just by setting a more realistic exchange rate it would be possible, according to the government, to maintain the current devaluation rates in order to put domestic interest rates on a par with their external counterparts and discourage the influx of speculative capital.

The trade associations, on the other hand, are not convinced that all these goals can be achieved. Exporters, in particular, believe that even with the 12.5-percent discount on the certificates, many will be monetized "given the prevailing uncertainty about the future performance of the exchange rate." And in that case, the effect of the measure would be considerably less than expected. Furthermore, they do not believe the theory that the peso has been devalued too much, because in the year taken as the benchmark for setting the real exchange rate there were incentives for exporters that have been reduced substantially, if not eliminated altogether. For this reason, they believe that the revaluation will deal a major blow to the productive sector.

The fact remains, however, that despite the criticism (one businessman said that what the government is doing is something like "microsurgery with a hoe"), there were not many alternatives available. And the few that were faced practical or legal problems. Such is the case, for example, with the tax on dollar proceeds from services, which has been suggested by some analysts. Such a tax cannot be levied by the government, only by Congress. Then there is the OMA [expansion not given] in dollars, which the government is studying; but that could hardly be ready by the end of the year.

The other great alternative, according to the government, is to increase imports and investment. Otherwise, the economy will plunge into a vicious circle: no investment because of uncertainty, uncertainty because of major policy shifts, major policy shifts because of the lack of investment. And in the end, it is the country that loses out.

### * New Investment Projects, Plans Seen Lacking

*92SM0116B Santa Fe de Bogota EL TIEMPO in Spanish 28 Oct 91 pp 1B, 4B*

[Article by Silverio Gomez C.]

[Text] The modernization of some companies and the departure of others from the market as a result of the opening up of the economy will result in unemployment in the short term. That is a constant that even the government acknowledges.

In the longer term, the situation will improve as new, more modern and efficient companies begin competing on the external market. There will be a higher standard of living, better opportunities, and higher employment levels.

But to achieve that, more private sector investment is needed in new and modern equipment, new technology, and expansions. In addition, new companies and projects must emerge to absorb those who have lost their jobs in other sectors.

The first element, investment in modernization, is happening to some extent in this country. But as for new companies and projects, the harsh reality is that there is nothing substantially new, either in the private sector or in the government.

In the government's case, the fiscal problem has drowned out any possibility of undertaking major projects like those of the 1970s and the early 1980s, beginning with the electricity sector.

In the private sector's case, the only noteworthy development is the possiblity of investments by foreign companies in the oil industry. The announcements in the petrochemicals sector have fallen into a disturbing lethargy.

Official agencies such as the Industrial Development Institute (IFI), charged with financing new projects, have

the resources but the demand is not targeted at the creation of new industrial enterprises.

"For two years now, not a single important project has begun in Colombia. There are just ideas; nothing materializes. The resources exist, and there are possibilities on the market. It simply appears that private businessmen do not have the will," says Ricardo Avila, the assistant director of the IFI who is in charge of selling the institute's shares in various projects.

And the increase in private investment is essential for achieving the success of the liberalization model. The "Peaceful Revolution" development plan calls for private investment to accelerate to an overall growth rate of 5.4 percent, and for the economy to grow at a steadily increasing rate of 4 percent in 1992, 4.7 percent in 1993, and nearly 6 percent in 1994.

**Only Reconversion**

A survey conducted recently by the National Association of Industrialists (ANDI) suggests that, although "businessmen are digging deep into their pockets," investment has weakened compared to two years ago.

The vast majority of the industrial investments that are made are of short duration; 56.7 percent of the investments are expected to come on line this year and 36.7 percent in 1992, which is an indication of the magnitude of the projects.

The survey says that of the $925 million invested in 150 identified projects, $357 million corresponds to imported equipment. And of the total number of investments, nearly 31 percent have already been carried out.

The study indicates that 34.4 percent of the projects are primarily aimed at expanding businesses, 23.1 percent at the renovation of equipment, and 25.6 percent at revamping and supplementing plants.

**Security Is Not Everything**

The absence of new private projects in the country has several explanations.

According to the ANDI study, 17 percent of those surveyed believe the number one problem is the lack of security. The next most frequently cited factor is the low rate of demand (16 percent), followed by unforeseen changes in economic policy (14 percent). Next on the list of factors is high financial costs (cited by 12 percent), followed by credit restrictions (11 percent).

Of all the programs, 60.8 percent are oriented toward the domestic market, 39.2 percent to the export market. This suggests that not enough businessmen believe in the importance of international trade as a growth option. In these terms, the most dynamic sectors are beverages and tobacco, ready-made garments, leather and shoes, wood and furniture, rubber products, iron and steel, and nonmetallic minerals.

But there are more problems, among them three major ones: the change in the economic environment, especially with regard to possibilities of competing with Venezuela; the amendments in many regulations and procedures, which have come so fast that businessmen have not been able to digest them—indeed, feel that they have been "steamrollered" by them; and the instability and uncertainty caused by the process of drafting a new constitution.

Another survey, conducted by LA NOTA ECONOMICA among executives of major firms, looked at the respondents' views of the integration with Venezuela in their sector or activity. It found that 46 percent regard the integration as positive, while 23 percent feel threatened by it. In the latter category are very important sectors, such as auto parts, automobiles, metalworking, plastics, iron and steel, and—who would have believed it!—commerce.

There are other factors that have a marginal influence on the atmosphere and the desire to invest: the red tape and inefficiency of government agencies in meeting the needs of the private sector, the negative expectations for tax reform, which will likely boost taxes substantially, and high interest rates, which make "money at interest" more profitable.

[Box, p 4B]

**The Future of the IFI**

Since August of 1990, the Industrial Development Institute (IFI) has sold its share in 11 companies: Papelcol, Colclinker, Cementos Rioclaro, CCA, Coseda, Copescol, Astivar, Provica, Texpinal, Procarbon, and Prodesal. The Conastil negotiations are close to completion. In general terms, the deals have gone well for the institute.

But there will be new sales: the IFI's shares in Catsa, Corfipopular, Fatextol, Frigopesca, Intelsa, Pennwalt, Venezolana de Nitrogeno and Quibi, S.A. The deals already closed and those in the making total about 30 billion pesos.

The IFI's approach is to "mature" companies and then sell them. The investment must be made in conjunction with private firms, which must present the intiatives and take the lead.

The truth is that the IFI is selling what it has, but it is not starting up new companies because there is little interest in starting up companies in this country. In fact, there are no specific requests for new projects, just ideas.

There are companies or entities in which the institute owns a share and which are not up for sale: Colombian Coal, Inc. (Carbocol) (it owns a very small share), Artesanias de Colombia (which could only be ceded), the Andean Development Corporation (CAF) (it cannot be privatized), Procultura (it is worthless), Pestolu (the IFI only manages a contribution by the Japanese government), Ferticol (a 0.8 percent share), Metales Preciosos

del Choco (it is a shambles), and Mineralco (a recently created state industrial and commercial enterprise). Two important firms, Cerromatoso and Monomeros Colombo-Venezolanos, are not for sale.

The institute wants to lend money to start up new projects, and it wants to provide capital as a shareholder. The future of the IFI, and of the country, depends on whether it is successful.

## Uruguay

### Country To Propose Mercosur Accord With EC

*PY1212013891 Madrid EFE in Spanish 2025 GMT 11 Dec 91*

[Text] Montevideo, 11 Dec (EFE)—Sources at the Uruguayan Foreign Affairs Ministry reported today that Uruguay will propose that its Common Market of the South (Mercosur) partners sign a preferential trade agreement with the EC, similar to the one signed with the United States.

Uruguayan President Luis Alberto Lacalle will make this proposition to his Argentine, Brazilian, and Paraguayan counterparts during the next Mercosur summit that will begin in Brasilia on 17 December, the sources added.

This will be the first Mercosur summit since the Asuncion Treaty took effect on 29 November. The Asuncion Treaty, which was signed on 26 March, created the integration-oriented organization.

The Uruguayan proposition is based on a new version of the "four-plus-one" agreement the Mercosur countries signed with the United States to make free trade of produce and raw material in both directions easier.

### Lacalle Views Mercosur, Structural Changes

*PY1112162091 Montevideo Radio Carve in Spanish 2300 GMT 10 Dec 91*

[Report from Government House by Lino Torres]

[Text] The president has stressed that the government will guarantee the functioning of the country's essential services.

Luis Alberto Lacalle also emphasized that the executive branch will be the custodian of order and security, whether it be in the supply of fuels or the functioning of the port.

The president also stated that the country must be prepared for Mercosur [Common Market of the South] by strengthening what is good and change what is bad. He added that the delimitations are very clear.

The chief of state said that the political circle, through the congress, must approve the laws that will lead to transformations in the country's structure, in taxes, and in the structure of social security. It must also conclude the debate on the Port Law, etc.

In another passage of his address, Lacalle announced that within the next 3 years the reforestation program will cover an area four times as much as what has been planted to date.

He also announced that capital asset purchases this year will be 50 percent up compared with the previous fiscal year.

Here is a passage of the address that President Luis Alberto Lacalle gave in the (Sitca) Industrial Plant, which is at the 16.5 km marker on the Carrasco Road. This project involves Brazilian capital.

[Begin Lacalle recording] Therefore, we must now prepare the country. We must now strengthen what is good, and change what is bad. In this matter the delimitations are very clear.

The political circle, especially through the congress, must approve the laws that will mean transformations in the country's structure, the tax structure, social security, and conclude the debate on the Port Law. Today we were not able to commission a piece of machinery because the vessel that was bringing it could not enter the port of Montevideo.

We must do away with those laws that maintain an obsolete structure that is not right for this administration; it must be a qualitative transformation for a country that envisages the future.

The executive branch is a custodian and it will be the custodian of order and security, the supply of fuel, and the functioning of the port so that the exercise of certain rights—which we are ready to protect because they are constitutional rights—will not become an obstacle for the exercise of other rights as legitimate and as necessary as these that we seek to protect.

In other words, the government will guarantee the operation of the country's basic services so that the Republic will not come to a standstill. We will ensure that the desires of those who want to work, produce, and not lose a day's pay will be protected like the desires of those who, supporting a given position, legitimately do not want to work.

This is the government's view of the current situation. I would say, however, that this is as far as a government can go. The entrepreneurs and the workers must now become the protagonists. Once again, I am asking them to continue to clarify this point. Entrepreneurs and workers have a common interest. Prosperity is the basis for more work and more (?benefits) to enjoy. One must not simply consider that the defeat of one side represents a victory for the other side. In this task of advancement and progress there are no losers or winners and no one can be defeated.

We must commit ourselves to increase prosperity so that everyone can prosper. [end recording]

These were the words of the president of the Republic, Dr. Luis Alberto Lacalle Herrera.

Pursuant to the provisions of the appropriate laws, Lieutenant General Guillermo de Nava, the Army commander in chief, will retire within the next few weeks. General Juan Modesto Rebollo, the current military household chief, will be appointed by the president of the Republic to replace De Nava. Rebollo will be promoted to the rank of lieutenant general.

### First Installment of IDB Loan Received

*PY1112193491 Montevideo Radio Carve in Spanish 2300 GMT 10 Dec 91*

[Text] Uruguay today received $80 million from the Inter-American Development Bank [IDB]. This amount represents the first installment of a $150 million loan upon which our country agreed with the IDB four months ago. The second installment of this loan—$70 million—is scheduled for mid-1992.

The IDB loan was agreed upon to support measures to improve the Uruguayan financial system, including operations by the Central Bank, the Bank of Uruguay, and the Mortgage Bank, among the various functions carried out by these state institutions.

In some cases the measures already have been implemented while in other cases, like the creation of a bank superintendency for improved financial system control, the measures have achieved an advanced programming stage.

The disbursement of the first installment of the $150 million loan took place within the scheduled period in accordance with the deadlines and scope of the measures implemented by our country's government and financial system, and conveyed to the IDB when the appropriate agreement was negotiated and signed four months ago.

### IMF Reportedly Wants Salary Indexation To End

*PY1112175491 Madrid EFE in Spanish 2044 GMT 10 Dec 91*

[Text] Montevideo, 10 Dec (EFE)—Government officials today said that the International Monetary Fund (IMF) has informed the Uruguayan Government that the concession of a new "stand-by" loan will largely depend on the adoption of a salary adjustment policy.

Some IMF experts have been in Montevideo since last week to study developments in the country's economic variables in preparation for the negotiation of fresh loans.

The IMF experts have told the Uruguayan Government, the sources said, that the negotiations will be much easier if measures are adopted to discontinue the salary indexation system, under which salaries are automatically adjusted according to the consumer price index (IPC).

IMF Managing Director Michel Camdessus said on 26 November during his visit to Uruguay that "a true salary discipline resulting in salary adjustments based on expected achievements" is needed.

### ANCAP Workers Decide To Lift Strike

*PY1112194291 Montevideo Radio Carve in Spanish 2300 GMT 10 Dec 91*

[Excerpt] ANCAP [National Administration of Fuels, Alcohol, and Portland Cement] workers have decided to lift the measures they have been implementing in demanding salary increases.

After the government's ruling about the essential nature of the fuel distribution service and other activities carried out by ANCAP, an ANCAP workers meeting lifted the strike by a 361-340 vote.

This decision establishes a waiting period until 13 December, when another meeting will be held at 1700 to assess the negotiations that will be held from today until then.

After the end of the ANCAP workers meeting at the (?South America) Palace, ANCAP Federation Secretary General Juan Jose Betancor today stressed that the fuel distribution service immediately began to normalize. [passage omitted]

### Tupamaros Oppose Town Hall's 'Repressive Policy'

*PY0512235091 Madrid EFE in Spanish 1410 GMT 5 Dec 91*

[Text] Montevideo, 5 Dec (EFE)—The former Tupamaro guerrillas today shifted to the opposition within the "Broad Front" leftist coalition—Uruguay's third-largest political force—in disagreement over what they consider a "repressive policy" by Tabare Vazquez, the Marxist Socialist mayor of Montevideo.

The Tupamaro movement expelled lawyer Enrique Echeverria, director of town hall general services, who represented the Tupamaro movement in the municipal government. Echeverria was charged with being responsible for the "repression" of street vendors who do not respect municipal regulations.

Echeverria told the press: "I, as a member of the government, am a representative of the law and not of chaos." He thus explained his position toward the desires of his former fellow party members, who are against the enforcement of street vendors' regulations in Montevideo streets.

Tupamaro leader Eleuterio Fernandez Huidobro said that "regulations do not authorize the beating of

people." He added that Broad Front leaders told them that Montevideo municipal regulations do not imply "the use of violence."

In its last editorial, MATE AMARGO, a weekly linked with Tupamaro ideology, charged Echeverria with promoting "pro-Mussolini feelings."

The independent weekly BUSQUEDA said Echeverria replied with a threat to file a lawsuit against his former fellow party members on charges of "slander."

The Tupamaro movement's resolution stated that Echeverria has done what "a Tupamaro should never do, unless he no longer wants to be a Tupamaro." The resolution added that "fellow party member Echeverria has implemented repressive violence against social groups that have been the victims of the nefarious neoliberal policy" of the government of President Luis Alberto Lacalle.

In recent weeks, municipal authorities ordered the police to repress illegal vendors operating in public areas in Montevideo. Dozens of street vendors were arrested and there were incidents on the streets. Mayor Vazquez said he would not hesitate to enforce regulations.

As Christmas and New Years approach, thousands of street vendors with various types of products have taken to the streets of Montevideo, joining those who normally work there.

Municipal regulation created several fairs in strategic places, where unemployed workers can work as street vendors. With the political support of the Tupamaros and other ultraleftist groups, however, a large number of vendors have resisted the regulations and illegally settled in municipal areas that have not been opened to them.

## Venezuela

### Perez on Latin America's Economic Integration

*PA1112184091*

[Editorial Report] Caracas Venezolana de Television Network in Spanish at 0212 GMT on 11 December broadcasts a live speech by Venezuelan President Carlos Andres Perez from the Miraflores Palace.

After reporting that he has just attended three important meetings in Cartagena, including one of the Andean Pact presidents, Perez says that integration of the Andean countries "is a reality. As of 1 January 1992, Venezuela, Colombia, and Bolivia will be part of a free trade zone. Ecuador and Peru requested six months to prepare their economies. They will join the free trade zone on 1 July 1992."

Perez states the importance of regional integration and cites the Southern Cone and how Argentina, Brazil, Uruguay, and Paraguay have formed the Common Market of the South, Mercosur, "which will be a decisive instrument for attaining integration in Latin America."

He also mentions the Group of Three, comprised of Venezuela, Mexico, and Colombia, which also met in Cartagena and discussed the possibilities of complementary economies and trade. This group "will become a coordination factor in the integration processes of other Latin American regions and in relations with the United States and Canada."

He says that in Cartagena the presidents "discussed and made decisions" on macroeconomic policies as part of the plan for Latin America's integration. The ministers of economy and the presidents of the Central Banks in five countries will meet within 60 days to consider the general outlines proposed by the Cartagena Agreement Board." In addition, he says, the Andean Group's foreign ministers were encouraged to speed negotiations for a treaty with the EC, a treaty that could be signed in Santiago, Chile, in May 1992 when the foreign ministers of the Group of Rio and the European Communities meet.

According to Perez, these processes will not affect Venezuelan industries and the overall balance of such processes favor the country. "Petrochemical, metalworking, and steel products can yield immediate profits for Venezuela because it would be possible to sell them without tariffs or any restrictions." He thanks those in attendance, representatives of the nation's productive groups "for their receptiveness and understanding in handling these new, complex realities."

Perez concludes by stating that "integration is the only way that Venezuela can advance toward future development."

### Attempts To 'Discredit' Defense Minister Noted

*PA1112190591 Caracas Venezolana de Television Network in Spanish 1550 GMT 9 Dec 91*

[Report by Ricardo Mateus]

[Text] After withholding payments for millions of bolivars from enterprises due to irregularities in their contracts with the Armed Forces, efforts are now being made to discredit Defense Minister Major General Fernando Ochoa Antich with the Army and before public opinion.

Defense Minister Ochoa Antich made the aforementioned statements to LA NOTICIA newscast on the occasion of the signing of an agreement with his Colombian counterpart, Dr. Rafael Pardo Rueda. The defense ministers of Colombia and Venezuela signed an agreement to improve their working ties to better fight drug trafficking, resolve car thefts, and counter the activities of guerrilla groups, which adversely affect cattlemen in the border region.

After an official ceremony in which Army cadets paid tribute to the distinguished guest and Maj. Gen. Ochoa Antich, the defense minister made remarks.

[Begin recording] [Journalist Ricardo Mateus] Have you identified the persons who will be investigated in connection with the contracts for the AMX-30 tanks?

[Ochoa Antich] Definitely. We are about to conclude the investigation process that I ordered in July. I want to make this very clear. I am very surprised to witness the efforts being made to turn an investigation that began within the Armed Forces in July into an scandal six months later, but I am more concerned about the attempts that are being made to try to involve me in this investigation process.

I imagine that due to the fact that I am investigating more than one contract and that I ordered the suspension of payments of millions of bolivars to several enterprises, which have acted in an irregular manner, efforts are being made to discredit the moral authority of the Armed Forces High Command and my moral authority before the country. These maneuvers are being made to prevent me from reporting and punishing those responsible for the aforementioned crimes.

[Mateus] What are the names of those companies and what were their dealings with the Armed Forces?

[Ochoa Antich] I will call a news conference to disclose the names of the enterprises that have problems with the Armed Forces in due time. [end recording]

With regard to the agreement signed by the defense ministers of Colombia and Venezuela, it was agreed that National Police officers will travel to Colombia to receive training on the struggle against border crime.

## * Officials Study Decentralized VAT Collection

*92SM0122A Caracas EL UNIVERSAL in Spanish (Section 2) 12 Nov 91 p 1*

[Article by Bernardo Fischer; first paragraph is introduction]

[Text] The project drafted by Cordiplan [Office of Coordination and Planning], the Ministry of Finance, and Copre [State Reform Commission], says that 20 percent of the VAT [Value Added Tax] should be earmarked for the Constitutional Placement, with the remaining 80 percent distributed within three major areas.

The National Executive is promoting a tax reform plan linked to the decentralization process taking place in Venezuela, based on the expectation that a law establishing the VAT will be approved.

The plan being analyzed jointly by Cordiplan, the Ministry of Finance, and Copre is intended to stimulate tax collection efforts by local governments; it also sets up a Territorial Compensation Fund to create equilibrium among Venezuela's regions, independently of the wealth or poverty of these regions.

On 10 November President Carlos Andres Perez spoke out against the proposal to continue raising the Constitutional Placement (funding for local governments). By law, this component will be 20 percent of the 1994 National Budget.

In the president's opinion, local govenments should create new tax mechanisms to boost their revenues.

On a regional level, these fiscal mechanisms are being studied by a commission composed of the Regional Development Director of Cordiplan, Nirvant Fernandez; Copre's national coordinator for the decentralization process, Rafael de La Cruz; and a Ministry of Finance advisor, Armando Barrios.

This commission is being supported by the UNDP [United Nations Development Program].

Administration officials say the present system of transferring resources to state governments has three basic features:

a.Transfer of resources through the Constitutional Placement allocation. By law, this will increase 1 percent a year until it reaches 20 percent of ordinary revenues in 1994.

b.Transfers scheduled in the Organic Decentralization Law. This stipulates that whenever responsibility for providing a service is transferred to a state or local government, these governments must be given support by the central government to pay for these services.

c.Joint investments between the central, state, and municipal governments, but which are not permanent.

According to the Cordiplan, Copre and Finance Ministry officials, this mechanism of transferring resources has some very serious structural defects. First of all, distribution of revenues through the Constitutional Placement will continue to decline at constant prices since, even though its percentage increases, the overall volume of government revenues declines.

Local governments are being hurt more and more by budget rigidity, and the central government has no effective control over public spending that takes place in the regions.

They maintain that, if the present revenue distribution model were to continue indefinitely, the regions' eventual needs for new resources would become an ongoing political problem between the central government and the states, forcing the states to demand that the central government release to the states funds allocated for national priorities.

The cities also possess some important fiscal powers, particularly tax-related, which should theoretically make them more independent. But in reality, the cities' level of dependency on the central government averages at about 50 percent. Some cities rely on the Constitutional Placement for almost 90 percent of their budget, and those

cities which are least dependent, like Caracas, still need Placement payments to cover 25 percent of their budget.

**Co-Administered VAT**

Among the fiscal solutions being sought for this situation, which is going to get worse as time goes by, the Cordiplan, Copre and Finance Ministry technical staff have developed a set of proposals allowing local governments greater independence in using their resources.

First, they propose that the VAT be co-administered by the central government and regional governments, but that different payment levels be set for regional governments, based on their efforts in collecting the VAT.

Nirvant Fernandez and Rafael de La Cruz explain that three steps are established in this proposal, depending on collection levels. In the first step, states meeting the minimum goal will receive 40 percent.

A second intermediate step is set at 50 percent; the maximum VAT resources transfer level will be 55 percent.

They explain that the central government will establish collection agreements with each state, setting these goals based on each region's level of government revenues.

However, they pointed out that 20 percent will be deducted from these payments for the Constitutional Placement. This is the amount set by law for ordinary revenues.

As an illustration, they said the co-administered VAT distribution will be as follows:

| | |
|---|---|
| **Value Added Tax** | 100 |
| **Constitutional Placement** | 20 |

The 80 percent balance will be distributed as follows:

a.40 to 55 percent as a direct transfer to the states, based on their collection efforts.

b.30 percent for the Territorial Compensation Fund.

c.15 to 30 percent for the central government, depending on allocations to local governments.

They explained that this mechanism provides a distributive plan which will give local governments an incentive to collect taxes, while it will also devote a large part of the resources to creating a fund to provide assistance with regional public works projects.

Secondly, they propose to create a system of surtaxes on national tax revenues like the Income Tax or consumption, sales, or value added taxes. These would be additional points which state governors could add to the percentage set by the national government.

Another step suggested to boost revenues for the states and cities is a user fees system. The recipient of an improvement or service would be charged the cost of these improvements or services.

For reasons of fairness, this fee would not be charged to the poorest population groups.

A final option is to transfer a series of national taxes to the states.

[Fischer] What about the Constitutional Placement?

[Answer] The Constitutional Placement could be increased to 25 percent by 1999, assuming that the local governments accept tax or fiscal responsibilities equal to the spending share which is now charged to the central government.

However, they do say that any Constitutional Placement increase would have to be considered after 1994, when the 20 percent maximum approved by the current law has been reached.

**Territorial Compensation Fund**

One of this proposal's innovations for providing resources and fiscal independence for local governments is the creation of the Territorial Compensation Fund.

This fund would be administered by a council composed of representatives of the central government, local governmemts, and the cities; its funds would come from three sources:

a.30 percent of the VAT.

b.A not yet determined percentage of the cigarette and alcoholic beverages tax.

c.Payment not to exceed 3 percent of the Constitutional Placement.

These resources would primarily be used for new public service projects, especially in areas where such services are lacking.

They will be allocated to the states as follows: 70 percent of the funds will be earmarked for areas in which services are deficient throughout the nation.

However, the remaining 30 percent will be used only for states where services are below the national average—generally state governments with more limited resources.

Through the Territorial Compensation Fund, the Cordiplan, Copre and Finance Ministry proposal, in addition to stimulating tax collections by local governments, also provides a mechanism for transferring resources from wealthier areas to the nation's poorest states.

Executive level sessions between the central and state governments would supervise the Council's payments. The Council would have a rotating membership so that all state governments would be represented.

This would prevent larger government revenues from going to the wealthier regions, leaving the most backward areas dependent upon the central government.

## * Economists Discuss 'Informal' Economy

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[Article by Gerardo Chacon Fernandez]

[Text] Some economists consider the informal sector the heart of economic activity in many Latin American countries.

Business, industry and services rely on people working in the informal economy to offset the area's shortage of capital.

But this is not sufficient reason to describe a sector in glowing terms as an "emerging sector," when it offers no future to the people engaged in it.

The people working in the informal economy belong to the culture of poverty; this is increased by the way they make their living, leading them to personal and social stagnation in which they receive just enough for survival.

However, we cannot generalize about poverty in this sector, for it is such a large world that some occupations are relatively efficient.

Among the most efficient in this sector are independent cab and van drivers. Without huge investments on their part, they are able to transport thousands of people from one side of the city to another.

There are also minibusinesses that make clothes cheaper than factories do; others repair electronic equipment, household appliances and automotive equipment that would be discarded if such services did not exist.

### The Informal Economy in Venezuela

As Venezuela is a developing country, it is included in international studies which have found that throughout the Third World as a whole, the informal sector accounts for between 30 and 40 percent of total urban employment.

According to statistics from the OCEI [National Office of Statistics and Information], 36.3 percent of Venezuela's employed labor force works in the informal economy; that is, it is composed of 6,687,000 people; 2,482,000 have no stable employment.

As the statistics indicate, Venezuela's informal economy has not grown beyond the limits of 35 to 40 percent. It increases in proportion with population increases.

Economists say that without informal jobs, the unemployment rate, 10.3 percent during the first six months of 1991, would be close to 15 percent.

Another odd fact revealed by statistics is the low unemployment index in this sector. Here the rate is only 2.8 percent, contrasting with a 19.5 percent unemployment rate among miners. Other high unemployment rates are: skilled workers, 14.6 percent; office employees, 10.9 percent; and professionals and technicians, 10.3 percent.

OCEI calculated that by mid-1991 approximately 81,500 new people came into the labor force; of this total, an average of 40 percent will swell the ranks of Venezuelans outside the modern economic sector. This means about 32,000 new people in the informal economy this year, according to our estimates.

### Interview With an Expert

Gustavo Marquez, an economist and professor at the IESA [Institute of Higher Education for Administration] and author of a book entitled "Informal Economy," has considered the reasons why this sector does not decline in numbers.

He explains that government policies are erroneous. "They have always heavily subsidized capital and applied high taxes to labor. This causes businessmen to try to replace workers by machines."

"The technologies being implemented are very capital-intensive and not at all labor-intensive."

On the informal sector's efficiency, he said this sector differs from the rest of the economy because the intensity of the labor force is greater, so they produce a great deal with little capital.

[Chacon Fernandez] How can the informal sector be recognized?

[Marquez] Statistically, they are employees and owners of businesses with under five employees (minibusinesses), as well as self-employed people in nonprofessional or nonmanagerial occupations, and unpaid family workers.

Most of these activities are not formally organized, in the sense that the units of production involved are not businesses with accounting and managers; they do not have cash flow plans and are not registered with the City Council or with the appropriate ministry.

[Chacon Fernandez] Is the group of informal workers growing?

[Marquez] The informal economy has not grown larger since the economic package was implemented in 1989. It has not changed in relative size.

When the economy is really down, the informal sector employs 38 percent of the toval labor force, and when the economy is very healthy, the percentage of people working in the informal economy declines to 35 percent.

He said that a very large informal economy is not beneficial for a country, as it is an indication that the productive system is not expanding to absorb the new

labor pool entering the job market, and large numbers of people are left outside in unstable and degrading social conditions. In the end, they tend to become a burden to the state.

**Who Are the Informal Workers?**

In their book "Informal Economy" published this year, Gustavo Marquez and Carmen Portela analyze differences between formal and informal workers. They found that on the average, workers in the informal sector are older, have fewer years of education, and more years of experience than employees in the formal sector.

The average informal worker is 37 years old, has 6.5 years of education, and 21 years of work experience.

Informal workers are also young people who were forced to enter the job market but who lack experience and education. These are not barriers in the informal sector, and they can enter the informal economy very easily.

The other pool of workers for this group are old people abandoned by the Venezuelan Social Security System, older workers displaced by the younger generation, and others who are heartlessly abandoned by their families.

In summary, then, both young and old people provide workers for a way of living and working that continues to grow.

**Informal Workers Speak**

50 percent of the informal economy is concentrated in retail sales and household services. The people we see most often are street vendors. They can be found on any city sidewalk, where they set up their tables and carts with their colorful merchandise.

In an interview with four street vendors, they all cited the police as their "one point in common." The police are "the evil they have to live with."

Pricilo Acosta, a 73-year-old man, sells razor blades and shavers on Avenida Baralt. He goes up and down the street so "the police will not bother me." "I earn from 100 to 400 bolivars a day, working from 0900 until 1900."

Pricilo says he has three children, but they are all poor like him, and he does not want to trouble them, for he does not want to go to live with somebody as if he were useless.

"I pay 1,200 bolivars a month in Dona Maria's boarding house." When he gets sick, he usually doctors himself, as he knows what medicines will help him.

This grandfather said that he became a street vendor after his physical problems kept him from working as a laborer, the job he had held at the MOP [Ministry of Public Works]. He came from Guayana to "try my luck in the capital."

Two street vendors, Etelvina Marcano (29) and Beisabel Campos (17), are both single mothers. The former has four children, and the latter has one daughter, born when she was 15. They both work for a vendor who pays them, depending on sales, from 300 to 500 bolivars a day.

They got started in this work because they had to feed their children and this was the easiest way, "to start your business by selling clothes."

The most surprising factor is that they send their children to school; when the children are sick they take them to Vargas Hospital; they have three meals a day, and do not dress badly. That is due to the economic efficiency of the people in this sector. They do not live in very good conditions, but they are not the poorest.

**Informal Economy Becoming More Formal**

Banking and government organizations have finally come to realize that it is very difficult to reduce the size of the informal economy, and so what they are trying to do now is make it more productive.

Jose Bouza Izquierdo, president of the Venezuelan Banking Association, in a speech to the 1991 Savings and Loan Congress, described the informal economy as one of the major challenges which S&Ls will face in the Venezuelan Financial System Reform.

The banking leader stated that attention paid to small and midsized industry will help to transform the informal economy into an emerging economy, which may be a very attractive field for people who want to go into business.

The impact of the informal sector's influence within the economy is such that the banking association president said that assistance offered to entities dealing with our middle and lower socioeconomic classes "will help create the future from the present."

On an international level, the Junac [Cartagena Agreement Board], at the Seventh Meeting of the Statistics Council held in Lima, decided to include the informal economy among its working issues for national statistics organizations of the Andean countries.

In this way, information gathered from population housing census data will help governments and economic agencies to develop policies and to channel productive resources and social assistance more efficiently.

We may conclude that the current trend is to formalize a sector that for a long time was ignored by economists and statisticians. Now, considering its impact, attempts are being made to assimilate the informal sector more closely into our economy.